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SAN FRANCISCO PORT COMMISSION

Wilfred Hsu, President
Michael Hardeman, Vice President
Kimberly Brandon, Commissioner
Sue Bierman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

(PLEASE NOTE THE TIME OF THE MEETING)

SPECIAL MEETING
4:00 P.M., TUESDAY, MAY 10, 2005
PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

DOCUMENTS DEPT.

MAY - 6 2005

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05-05-05 P04:01

1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - April 26, 2005 Meeting

3. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS. (Discussion and/or Action Items)

         a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case):

            - In re Pacific Gas and Electric Company, United States Bankruptcy Court, Northern District of California, San Francisco; Case No. 01 30923 DM.

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b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case as Plaintiff)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 38
Person Negotiating: Port: Mirian Saez, Deputy Director of Real Estate
*Pier 38 Maritime Recreation Center: Carl Ernst

Under Negotiation: _____ Price _____ Terms of Payment __X__ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 38.

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

5. EXECUTIVE

A. Executive Director's Report

- Introduce new Deputy Director of Real Estate – Miriam Saez
- Installation of Defibrillators at the Port
- Carl Moyer Grant - LB Railco
- May 2, 2005 – Start of San Francisco Conservation Corps Youth Employment Program
- May 5, 2005 - Town Hall meeting @ Jean Parker Elementary School 840 Broadway @ Mason
- May 6, 2005 - Opening of Boudin's at the Wharf
- May 13, 2005 - Port to host seminar on Recycling Dredged Material @ Pier 1
- May 18-20, 2005 – AAPA Commissioners Conference
- May 21, 2005 - KFOG Kaboom @ Pier 30/32
- May 23, 2005 & June 1, 2005 – Budget hearings @ Board of Supervisors Chamber, City Hall
- May 23, 2005 - SPUR Sponsored Bay Discovery Cruise
- Cancellation of Port Commission Meetings: May 24, June 28, July 12, and August 9, 2005

6. CONSENT

A. Request approval of resolution to apply for, accept and expend $133,000 in grant funds from the California Coastal Conservancy for the Pier 94 Wetlands Enhancement Project (Resolution No. 05-30)

B. Request approval to re-advertise for competitive bids the Pier 94 Wetland Enhancement Project (Site location: between Pier 94 and Islais Creek) (Resolution No. 05-31)

7. PLANNING & DEVELOPMENT

A. Informational Presentation on Proposal by The Exploratorium Museum to Develop Piers 15-17 on The Embarcadero at Green Street. (No Action Requested)

8. MARITIME

A. Request approval of resolution supporting Assemblyman Mark Leno's proposed legislation (AB 749) Limit on Crab Traps in Fishing Game District 10 and South. (Resolution No. 05-28)

B. Request approval of resolution supporting Assemblyman Mark Leno's proposed legislation (AB 852) Ports and Harbors: San Francisco Bar Pilots. (Resolution No. 05-29)

9. REAL ESTATE

A. Request approval of a five-year Memorandum of Understanding (MOU) with the Department of Parking & Traffic (DPT), for property located at Pier 70 Seawall Lot 349, at Illinois Street between 20th and 22nd Streets. (Resolution No. 05-32)

B. Informational Presentation by the San Francisco Public Utilities Commission regarding the San Francisco Electric Reliability Project (Peaker Plant). (No Action Requested)

C. Hearing on proposed monthly Parking Stall Rates for Fiscal Year 2005-06.

10. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Request approval of contract modification to Contract No. 2693 Amador Street improvements (June 14, 2005)
  - Request approval to advertise for competitive bids for Portwide Fire Protection, Security, Inspection, Maintenance and Repair Project (June 14, 2005)

- Hearing on proposed monthly 2005 Rental Rate Schedule (June 14, 2005)
- Request approval of Hyde Street Harbor/Fisherman's Wharf Harbor Berth rate increases for FY 2005-06 (June 14, 2005)
- Request approval of lease with Literacy for Environmental Justice at Pier 98 (June 14, 2005)
- Request approval of third amendment to management agreement with the Fisherman's Wharf Restaurant Association for the Triangle Parking Lot bounded by Jefferson Street, Taylor Street and the Embarcadero at Fisherman's Wharf (June 14, 2005)
- Request adoption of Port Leasing Procedure Policy (June 14, 2005)
- Informational Update on the Port's FY 2005-06 Operating Budget (June 14, 2005)
- Request approval to advertise for competitive bids for As-Needed Engineering Services (July 26, 2005)
- Request approval of MOU with San Francisco Public Utilities Commission for Solar Project for Pier 96. (Date to be determined)
- Informational Presentation regarding design of Rincon Park Restaurants (Date to be determined)

11. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

12. COMMUNICATIONS

Communications to the Port Commission received from April 21, 2005 to May 5, 2005:

- From Barbara Meskunas of the Coalition for San Francisco Neighborhoods, regarding the USS Iowa
- From Toby Levine, regarding Auto Return's 5-year lease at Pier 70
- From the Bay Area Air Quality Management District, invitation to the BAAQMD 50th Anniversary Symposium on June 20, 2005
- From Merylin Wong, letter from Governor Vilsack about the USS Iowa
- From Jonathan Williams, regarding the USS Iowa
- From Norcal Waste Systems, invitation to their Annual Dinner on May 17, 2005
- From James Bryant, "Community Update" pamphlet
- From Port Staff, sale and disposition of three Port cranes
- From Bay Planning Coalition, invitation to the 18th Annual San Francisco Bay Decisionmakers Conference on May 24, 2005

- From Scoma's Restaurant, invitation to Scoma's 40th Anniversary Celebration & Reception on May 25, 2005
- From the Controller's Office, report concerning the audit of the department head transition at the Port

13. ADJOURNMENT

MAY/JUNE 2005
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
May 10	**4:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
May 24 Cancelled	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
June 14	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
June 28 Cancelled	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Adele Castro by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sotf@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Ms. Destro or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine/

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

May 5, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon
Hon. Susan Bierman
Hon. Ann Lazarus

FROM: Monique A. Moyer
Executive Director

SUBJECT: Authorization to apply for, accept and expend $133,000 in grant funds from the California Coastal Conservancy for the Pier 94 Wetlands Enhancement Project.

DIRECTOR'S RECOMMENDATION: AUTHORIZE THE PORT TO APPLY FOR, ACCEPT AND EXPEND GRANT FUNDS.

Overview

Port staff request that the Commission authorize us to apply for, accept and expend grant funds in the amount of $133,000 from the California Coastal Conservancy (Conservancy) for the Pier 94 Wetlands Enhancement Project ("the project"). This would be the Port's second source of grant funding for the Wetlands Enhancement Project; in December 2002, the Commission adopted Resolution No. 02-65 authorizing the Port to accept and expend $171,020 in grant funds for this project from the San Francisco Bay Natural Resources Protection Trust. At that time, this amount was understood to be sufficient to complete the project. Subsequent estimates were considerably higher than the grant amount, however, so the Port is seeking additional funds to make up the difference.

Related Agenda Item: Port staff has also placed before the Commission today a separate resolution (Item 6B) authorizing staff to advertise-for-competitive-bid the contract for work on this project.

Project Background and Description

Approximately five acres of salt marsh exist along the northern and eastern shore of Pier 94 at the Port of San Francisco. The wetlands at Pier 94 became established after a portion of the fill material that comprises Pier 94 subsided and became subject to tidal inundation. Although small, the wetlands at Pier 94 provide rare and valuable habitat in this highly industrialized

This Print Covers Calendar Item No. 6A

portion of the Bay shoreline. The existing habitat at Pier 94 varies from low-quality concrete and asphalt substrate in some areas, to high quality pickleweed and tidal pond habitat in other portions of the site. Because wetland habitat is so limited in the Central Bay, Pier 94 supports a great deal of bird activity, particularly migratory waterfowl. The pickleweed marsh, mudflat, and gravel beach offer foraging and roosting habitat to many species of birds.

Natural resource management agencies identified the Pier 94 wetland as a priority site for restoration. The proposed enhancement of the Pier 94 wetlands serves the goals established by the San Francisco Bay Area Wetlands Ecosystem Goals Project[1], which refers to the shoreline in this area as providing opportunities to restore or enhance tidal marshes and reestablish salt marsh plant species along the edges of wetlands.

The primary goal of the proposed project is to improve habitat quality, and enhance and expand the wetland/upland transition zone to provide additional habitat for marine fish, shorebirds, wading birds, waterfowl, and plants unique to this habitat. The project will include:

- Removing construction debris (concrete, asphalt), tires, wood and litter, which degrade aesthetic and habitat value of the site.
- Grading to increase wetland acreage within the existing wetland area, improve tidal circulation, and create more natural topography in the wetland/upland transition zone.
- Removing large stands of invasive cordgrass that, if not controlled, threaten to establish a monoculture of poor habitat quality vegetation.
- Construct a low, post-and-cable fence to delineate the wetland boundary.

There is substantial support for the project within the local community and within the broader community of agencies and organizations dedicated to natural resources protection. On May 1, 2002, the Port presented the project to the Southern Waterfront Advisory Committee (SWAC). SWAC members were very supportive of the project, and have continued to express their support as the Port has provided them with project updates over the last three years. Habitat restoration professionals from the National Parks Association and the CCSF Department of Recreation and Parks use the wetlands at Pier 94 as a source of native plant seeds to support wetland restoration projects elsewhere in the city. The Golden Gate Chapter of the Audubon Society (GGAS) has committed volunteer labor to stewardship of the area for several years, including hosting many well-attended volunteer work-days during which participants have removed thousands of pounds of trash, tires and weeds from the wetlands. Upon completion of the Port's project, the GGAS is additionally proposing to provide labor and plants to promote establishment of certain wetland plant species and install limited upland landscaping at the site. Port staff will continue to work with interested parties to maximize community and volunteer participation in implementation of the proposed project, and subsequent management of the site.

Funding

In December 2002, the Port Commission adopted Resolution No. 02-65 authorizing acceptance and expenditure of $171,020 in funds from the San Francisco Bay Natural Resources Protection

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1 Chapter 5, Segment J- San Francisco Bay Area and Appendix E, Site #67

Trust (Natural Resources Trust) for construction of the Project. The amount of the Natural Resources Trust award was based on an engineers' cost estimate for construction. The Board of Supervisors authorized the Port to accept and expend the funds from the Natural Resources Trust in March 2003 (Resolution No. 139-03). In July 2004, the Port solicited construction bids for the project, but was unable to award a contract due to insufficient funds, as detailed in the related staff report to the Commission requesting authorization to advertise for bids (Resolution No. 05-30).

The Conservancy has identified the Port's proposed Pier 94 Wetland Enhancement project as eligible for funding through the Conservancy's *San Francisco Bay Conservancy Program.* Funding requested from the California Coastal Conservancy will provide the additional funds required to proceed with the project, as outlined in the following construction cost estimate, revised from the original engineers' cost estimate to reflect the result of the previous bid solicitation.

Construction	
All earthwork, debris removal and disposal, finish grading	$197,000
Contaminated soil removal and disposal	$23,000
Upland hydroseeding	$17,000
Fence	$16,000
Contingency, Construction (20%):	$50,600
Total Construction Cost	$303,600

Funding	
SF Bay Natural Resource Protection Trust Funds	$171,020
Proposed Grant – California Coastal Conservancy	**$133,000**
Proposed Total Funding	$304,020

Schedule
Conservancy staff will be presenting a proposal to provide $133,000 to the Port for the Pier 94 Wetlands Enhancement Project at the June 16 meeting of the Conservancy's Board of Directors. Though Port staff anticipate the Conservancy will approve this grant, the final contract bid amount will not be known until the Conservancy Board and Port Commission both give their approvals. If the Conservancy or Port Commission were to disapprove the grant application, the Port would re-bid the contract for only the amount already approved, $171,020.

Commission Action
Port staff seeks Commission authorization to apply for, accept and expend $133,000 in grant funds from the California Coastal Conservancy for the Pier 94 Wetlands Enhancement Project.

Prepared by: Carol Bach
Daley Dunham

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-30

WHEREAS, the proposed Pier 94 Wetland Enhancement Project will improve habitat quality and further the beautification of approximately five acres of salt marsh along the northeastern shoreline of Pier 94; and

WHEREAS, in December 2002, the Port Commission adopted Resolution No. 02-65 authorizing the acceptance and expenditure of $171,020 in funds from the San Francisco Bay Natural Resources Protection Trust ("Trust"), for construction of the Pier 94 Wetland Enhancement Project ("Project"); and

WHEREAS, in March 2003, the Board of Supervisors authorized the Port to accept and expend these Trust funds (Resolution No. 139-03); and

WHEREAS, in June 2004, the Port Commission adopted Resolution No. 04-48 authorizing advertisement for competitive bids to execute the Project; and

WHEREAS, the sole bid received from that solicitation exceeded the Trust funds, and was therefore rejected; and

WHEREAS, Port staff have identified an additional source of funds from the California Coastal Conservancy that would allow the Port to pay the anticipated costs of the Project; and

WHEREAS, the California Coastal Conservancy seeks to fund projects that preserve, protect, and restore the resources of the California coast; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes the Executive Director to apply for, accept and expend a grant in the amount of $133,000 from the California Coastal Conservancy for the Pier 94 Wetlands Enhancement Project; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to execute any documents required for this grant process, including any extensions, augmentations, or amendments thereof.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 10, 2005.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 5, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon
Hon. Susan Bierman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization to Re-advertise for Competitive Bids for Construction Contract No. 2694, Pier 94 Wetlands Enhancement Project

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO RE-ADVERTISE FOR COMPETITIVE BIDS FOR THE PIER 94 WETLANDS ENHANCEMENT PROJECT, CONTRACT NO. 2694

Introduction

Port staff requests that the Commission authorize the re-advertisement for competitive bids for construction contract No. 2694, Pier 94 Wetlands Enhancement Project. The project scope includes improvement of habitat quality and beautification of an approximately five acre salt marsh along the northeastern shoreline of Pier 94.

Background

The Project was originally advertised in June 2004, but the contract was not awarded due to insufficient funds. Since that time, additional potential funding has been identified, and staff has revised the bid solicitation structure in order to maximize opportunities for contract award and project completion.

The proposed Pier 94 Wetland Enhancement Project will improve habitat quality and aesthetics of the Pier 94 Wetland by:

- Removing construction debris (concrete, asphalt), tires, wood and litter, which degrade aesthetic and habitat value of the site.
- Grading to increase wetland acreage within the existing wetland area, improve tidal circulation, and create more natural topography in the wetland/upland transition zone.

This Print Covers Calendar Item No. **6B**

- Removing large stands of invasive cordgrass that, if not controlled, threaten to establish a monoculture of poor habitat quality vegetation.
- Constructing a low, post-and-cable fence to delineate the wetland boundary.

In December 2002, the Port Commission adopted Resolution No.02-65, authorizing acceptance and expenditure of $171,020 in funds from the San Francisco Bay Natural Resources Protection Trust (Natural Resources Trust) for construction of the Project. The amount of this grant from the Natural Resources Trust was based on an engineers' cost estimate for construction. The Board of Supervisors authorized the Port to accept and expend the funds from the Natural Resources Trust in March 2003 (Resolution No. 139-03).

On June 2, 2004, the Port Commission adopted Resolution No. 04-48 authorizing the advertisement for competitive bids for construction contract No. 2694, Pier 94 Wetlands Enhancement Project. The Port received only one bid from Yerba Buena Engineering & Construction, Inc in July 2004. The base bid price was $197,000, with an additional price of $54,620 for all alternates, resulting in a total bid price of $251,620 for the proposed scope of work. The total bid price significantly exceeded the available funds for construction, and consequently the contract was not awarded.

Revised Bid Structure

The original bid solicitation included a base bid comprised of two tasks (Mobilization and Wetland Improvement), and three alternate tasks that could have been awarded depending on the amount of the bid relative to available funding ("additive alternates", including contaminated soil removal, hydroseeding, fence). Port staff has revised the construction plans and bid schedule to divide the base bid work into smaller tasks (Mobilization, Wetland Improvement – North), and designate some of the work originally included in the base bid as a new additive alternate (Wetland Improvement – South). This new bid structure provides greater probability to award a contract for key elements of the scope of work if bids exceed estimates. It also reflects greater ecological value to be gained by completing improvements to the northern portion of the wetland area which has a greater concentration of debris piles to be removed, and a large currently stagnant pond that will be tidally flushed after regrading in the northern area. The other additive alternate tasks included in the first bid solicitation (contaminated soil removal, hydroseeding, fence) will also be included in the bid solicitation.

Funding

The grant of $171,020 awarded by the Natural Resources Trust remains available for execution of the Pier 94 Wetland Enhancement project. In addition, the California Coastal Conservancy has identified the project as eligible for funding through its *San Francisco Bay Conservancy Program* because Pier 94 is identified as a priority site for salt marsh enhancement in the Central Bay and the project would contribute toward meeting goals for wetland restoration established by the San Francisco Bay Area Wetlands Ecosystem Goals Project. Conservancy staff will present a proposal to provide $133,000 to the Port for the Pier 94 Wetlands Enhancement Project at the June 16, 2005 meeting of the Conservancy's Board of Directors. The Board will vote at that time on approval of the funding proposed by Conservancy staff. If the funding is approved, a total of

$304,000 will be available from the two funding sources. Port staff has also placed before the Commission today a separate resolution (Item 6A) authorizing staff to apply for, accept, and expend the grant funding from the California Coastal Conservancy.

Qualifications / Bid / Award

Bidder qualifications will include a Class A General Contractors License with at least three (3) years public works projects experience. Bids will be advertised to reach the contractor market through the following channels:

- Human Rights Commission list of contractors
- Human Resources Outreach list of contractors
- Port Engineering list of contractors
- Port Internet
- City and County purchasing internet
- Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 total
- Newspapers (SF Chronicle, Small Business Exchange and SF Bayview)

The Bid will be awarded to the lowest responsive, responsible bidder, which meets the City's DBE subcontracting goal.

Proposed Schedule

Staff plans to advertise for bids in June 2005, to award the construction contract in August 2005, to issue the Notice to Proceed in September 2005, and to complete the construction by November 2005.

Summary

Port staff recommends that the Commission authorize the re-advertisement for competitive bids for construction contract No. 2694, Pier 94 Wetland Enhancement Project.

Prepared by: Ken Chu, Project Engineer,
for Edward F. Byrne, Chief Harbor Engineer

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-31

WHEREAS, the proposed Pier 94 Wetland Enhancement Project ("Project") will improve habitat quality and beautification of approximately five acres of salt marsh along the northeastern shoreline of Pier 94; and

WHEREAS, on June 2, 2004, the Port Commission adopted Resolution No. 04-48, authorizing the advertisement for competitive bids for the Project; and

WHEREAS, in July 2004, the Port received only one bid from Yerba Buena Engineering & Construction, Inc, whose bid price significantly exceeded the available funds for construction; and

WHEREAS, the contract for the project was not awarded due to insufficient funds; and

WHEREAS, Port staff has restructured the bid to maximize opportunities to award key elements of the contract through the use of alternate bid items, and identified other potential funding for the Project, as described in detail in the attached staff memorandum; now therefore be it

RESOLVED, that the Port Commission hereby authorizes Port staff to re-advertise for competitive bids for construction contract No. 2694, Pier 94 Wetlands Enhancement Project.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 10, 2005.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 5, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon, Commissioner
Hon. Sue Bierman, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on Proposal by The Exploratorium Museum to Develop Piers 15-17 on The Embarcadero at Green Street

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ONLY; NO ACTION REQUIRED

The Exploratorium, a museum of science, art and human perception, was founded in 1969. Its mission is to create a culture of learning through innovative environments, programs and tools that help people nurture their curiosity about the world around them. Exhibits cover a wide range of subject areas including human perception (such as vision, hearing, learning, and cognition), the life sciences, and physical phenomena (such as light, motion, electricity, waves, resonance and weather). Programs include a national center for teacher development, a web site of teaching resources and a global network of partner museums. More than 7 million people see Exploratorium-designed exhibits on display at science centers around the world. The museum itself is attended by more than 500,000 visitors per year, including 112,000 children and teachers.

The Exploratorium currently is located at the Palace of Fine Arts in San Francisco. For the past four years the museum has been looking for a new home in order to accommodate its expanding needs. After conducting an extensive search, followed by exploratory talks with Port staff, the Exploratorium proposes to lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17 in later years. Piers 15 and 17 are located in the Northeast Waterfront on The Embarcadero at Green Street.

The Exploratorium also has asked to present its proposal to the Northeast Waterfront Advisory Group at its June 1, 2005 meeting.

THIS PRINT COVERS CALENDAR ITEM NO. 7A

Before the Port can entertain any action to move forward, the Port must complete a review process on Piers 15 and 17 pursuant to the Port's *Waterfront Land Use Plan* to determine whether this Transitional Maritime Area is no longer viable exclusively for maritime activities. Port staff will include the Port's Northeast Waterfront Advisory Group and the Maritime Commerce Advisory Committee in this review process.

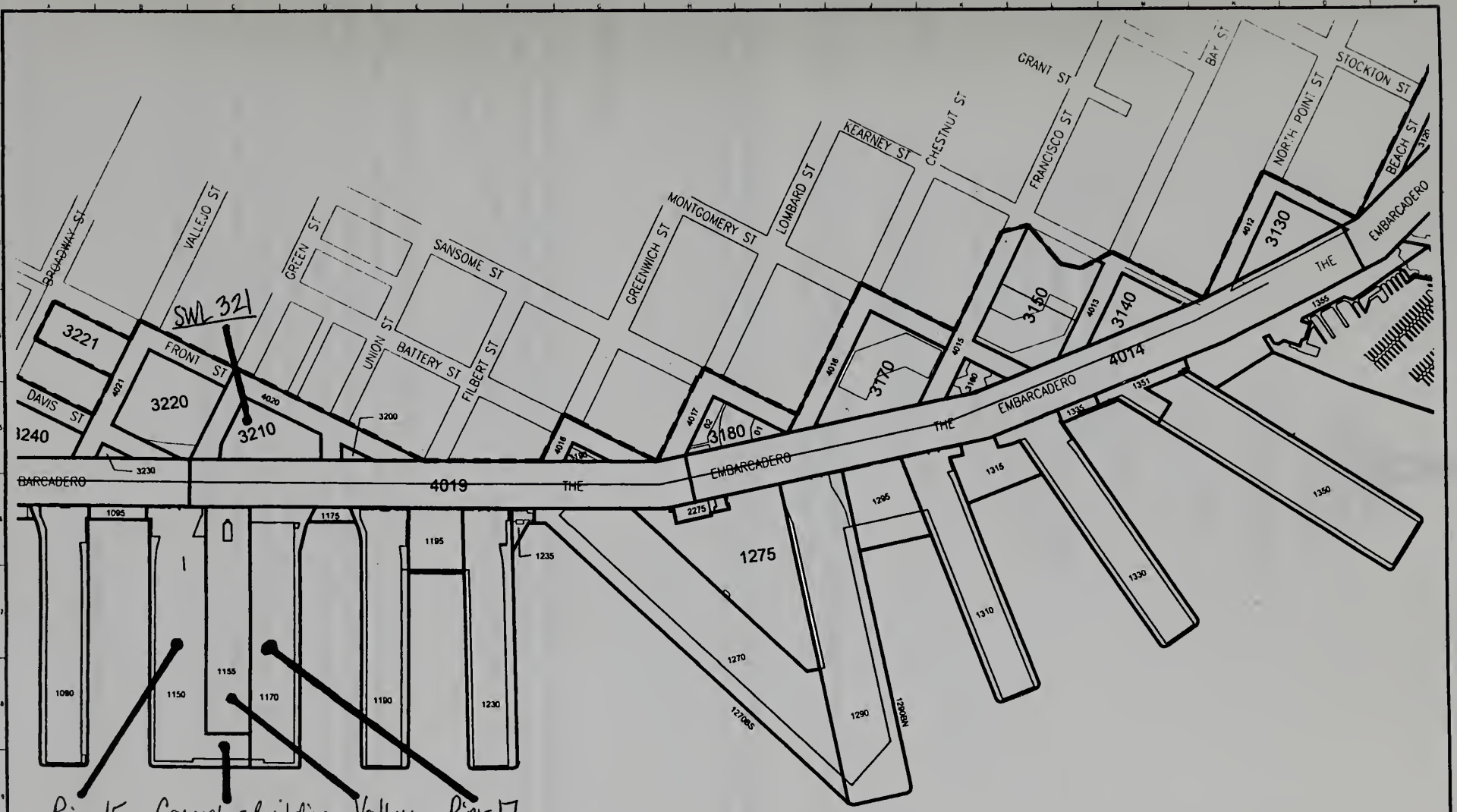
Currently, there are two tenants in Pier 15: Baydelta Maritime, which operates tugboats on the Bay under a lease that expires in 2010, and MUNI, which uses a portion of the shed to assemble cars for the MUNI metro system and operates under a month-to-month MOU. In addition, the Port utilizes the eastern berth of Piers 15-17 for berthing of visiting ships. The Exploratorium is interested in leasing all of Pier 15 except Baydelta's premises, plus the Connector Building between Piers 15 and 17 and the Valley area between the piers. These areas are illustrated on the attached facility map. These premises would be used for museum displays, exhibit fabrication, a museum store, events space, an Outdoor Exploratorium, a theatre, the popular Tactile Dome, a café or restaurant, ancillary offices, public access and a bus loading zone. The Valley area between the piers, currently paved with asphalt, is proposed to be a "water pile garden" and lagoon.

Pier 15 is part of the proposed Embarcadero National Register Historic District and any rehabilitation thereto would be performed in accordance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. A project such as is proposed by the Exploratorium would be eligible to apply for federal historic tax credits to help defray development costs.

It is important to note that the substructures of Pier 15 and the Valley are among the most deteriorated of the Port's facilities. Portions of Pier 15 and the Valley are already load-restricted. It is expected that use of these facilities will need to be further curtailed in the near future unless very extensive repairs are made to the substructures. The Exploratorium's proposal would provide the museum with a permanent home and at the same time preserve the historic pier shed.

Today's presentation is informational only; no action is being or can be requested of the Commission. Members of the Exploratorium staff and the development team of Wilson, Meany Sullivan will present their proposal.

Prepared by: Jennifer Sobol
Project Manager
Planning & Development Division



NO DATE DESCRIPTION BY APP TABLE OF REVISIONS CHECK WITH ENGINEER TO SEE IF YOU HAVE LATEST REVISION	REFERENCE INFORMATION & FILE NO OF SURVEYS	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	DESIGNED DATE DM, LA 9/3/04 DRAWN DATE AN 9/3/04 CHECKED DATE XC -/-/-	APPROVED BY SAN FRANCISCO PORT COMMISSION DATE _____ CHIEF HARBOR ENGINEER	SCALE 1" = 300 feet REV NO XX	FACILITY COST ACCOUNTING SYSTEM MAPS FACILITY & LOCATION CODES INDEX	CONTRACT NO N/A DRAWING NO 12132-PORT-\$ SHEET OF SHEETS 03 OF 12

PORT OF SAN FRANCISCO

MEMORANDUM

May 5, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon, Commissioner
Hon. Sue Bierman, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of Resolution to Support AB 749 (Assemblyman Mark Leno, 13th AD) to Protect Local Dungeness Crab Resources.

DIRECTOR'S RECOMMENDATION: APPROVE THE RESOLUTION SUPPORTING ASSEMBLYMAN MARK LENO'S PROPOSED LEGISLATION (AB749) TO PROTECT LOCAL DUNGENESS CRAB RESOURCES

Background

The commercial fishing industry is the heart of Fisherman's Wharf. Dungeness crab is our fishing fleet's most famous catch and one of San Francisco's great culinary treasures. There is however, great concern that this local fishery and the environment are being threatened by various factors.

The commercial crab season in northernmost California and Oregon opens on December 1st, while our local crab season opens on November 15th. Large fishing boats from outside of the Bay Area come to Northern California waters laden with up to 1000 crab traps, while our local fleets only use up to 250 traps a boat. According to the Farallones Marine Sanctuary Association, over the past two decades, there has been a 500 percent increase in the number of crab traps used in local waters while the number of crab boats has remained the same. State Department of Fish and Game records show that during the first two weeks of crab season in November of 2004, 80-large and small boats caught 2 million pounds of crab, while in all of December, 42 boats brought in 348,000 pounds of crab.

This Print Covers Calendar Item No. 8A

In order to compete, local fishermen are forced to use more traps than often times they can manage safely. Vessel casualties, including capsizings and drownings, increase as more gear is used. According to the United States Department of Commerce's office of the Farallones National Marine Sanctuary, the increased trap usage has resulted in more traps being lost or abandoned which clutter the ocean bottom and damage marine habitats.

According to the Pacific Coast Federation of Fisherman's Association, big boats also waste crab. These large boats can overwhelm the processing capacity delaying off-loading of the crabs which causes many crabs to die, wasting the resource.

AB 749 by Assemblyman Mark Leno

California Assemblyman Mark Leno (AD 13) has introduced AB 749 to protect local Dungeness crab resources and the fishing grounds. The bill would authorize the formulation of a Dungeness Crab Advisory Committee to advise the State Fish and Game Commission on recommendations for any changes that should be instituted to better regulate the fishery. AB 749 also limits the number of traps a boat is allowed to carry while fishing in San Francisco waters (from Point Arena south - Fish & Game District 10) to 250 until 2008 when the State Department of Fish and Game, which regulates the commercial Dungeness crab fishery, reviews and adopts regulations to ensure the protection of the Dungeness crab resources and to provide for an orderly crab fishery.

While the Port acknowledges the commercial influences upon arguments from this issue, staff believes that the environmental protections of AB 749 are needed to protect this resource. Limiting the number of traps will lengthen the crab season by reducing the number of crabs caught per trip. This would lengthen the season by spreading out the delivery of crab and the amount of wasted or dead crab will be reduced at the beginning of the season. Additionally, this legislation would mean less lost gear littering the bottom of the ocean. Trap limits are used in other crab fisheries in Alaska and Washington State (Puget Sound) and trap limits have proven a successful management tool in fisheries.

In short, this proposed legislation creates a mechanism for short-term protection of the fishery and allows the State Department of Fish and Game to determine long-term regulations that will provide for a sustainable fishery.

Recommendation

The San Francisco Administrative Code Chapter 5, Article 3 created a State Legislation Committee, with a duty to formulate recommendations for endorsement, opposition, or neutrality with respect to proposed State Legislation, and further acknowledged the responsibility of the Board of Supervisors in establishing City policy with respect to such legislation. Port staff recommend that the San Francisco Port Commission adopt the attached resolution urging the San Francisco State Legislation Committee and the San Francisco Board of Supervisors to adopt positions in support of AB 749.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-28

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, San Francisco Administrative Code Chapter 5, Article 3 created a State Legislation Committee, with a duty to formulate recommendations for endorsement, opposition, or neutrality with respect to proposed State Legislation and further acknowledged the responsibility of the Board of Supervisors in establishing City policy with respect to such legislation; and

WHEREAS, the Port is home to the Bay Area's commercial fishing industry; and

WHEREAS, it is in the Port's and the public interest to promote sustainable fisheries and protect the marine environment; and

WHEREAS, the local Dungeness crab resource and the environment of the local oceans being threatened by a rapid increase in the number of crab traps used in local waters in recent years; and

WHEREAS, if adopted by the Legislature and signed by the Governor, AB 749 (Assemblyman Mark Leno) would protect local Dungeness crab resources and fishing grounds by authorizing the formation of a Dungeness Crab Advisory Committee to advise the State Fish and Game Commission on changes designed to better regulate the fishery; and

WHEREAS, on an interim basis, AB 749 would limit the number of traps a boat is allowed to carry while fishing in San Francisco waters in Fish & Game District 10 and points south to 250 traps per boat until 2008 when the State Department of Fish and Game, which regulates the Dungeness crab fishery, reviews and adopts regulations to ensure the protection of the Dungeness crab resources; now therefore, be it

RESOLVED, The San Francisco Port Commission authorizes the Executive Director to send a letter to the San Francisco Board of Supervisors and the San Francisco State Legislation Committee expressing support for AB 749.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 10, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 5, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon, Commissioner
Hon. Sue Bierman, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of Resolution of Support for AB 852 (Leno) Ports and harbors: San Francisco Bar Pilots.

DIRECTOR'S RECOMMENDATION: APPROVE THE RESOLUTION SUPPORTING ASSEMBLYMAN MARK LENO'S PROPOSED LEGISLATION (AB852) PORTS AND HARBORS: SAN FRANCISCO BAR PILOTS

Background

The San Francisco Bar Pilots are responsible for the safe passage of more than 8,500 vessels every year through the San Francisco, Monterey, San Pablo, and Suisun Bays. From the Gulf of the Farallones to the Sacramento Delta, these waters include nine bridges, twenty ports, and two hundred miles of shipping lanes. The total value of cargo and services carried in vessels navigated by the San Francisco Bar Pilots exceeds $1.2 billion per day. Pilot services are essential to prevent accidents that would be catastrophic to California's sensitive marine waters. In order for pilots to successfully conduct their services, quality pilot boats are essential.

The San Francisco Bar Pilots have asked the Port to support state legislation (AB852) introduced by Assemblyman Mark Leno that would allow funds collected by the San Francisco Bar Pilots for new pilot vessel acquisition to also be used for design and engineering modifications to extend the service life of their existing pilot vessels. To the degree a pilot boat can be improved (e.g. replacing the engines, water makers, control systems, etc.), thereby avoiding the expenditure of more money to purchase a new boat, such improvements should be able to be funded by the current surcharge.

This Print Covers Calendar Item No. 8B

The extension of vessel service lives by modernization is a proven and cost effective practice based on common U. S. Navy, U. S. Coast Guard and merchant marine industry experience. Compared to the design, construction and acquisition costs of a new vessel, considerable cost and time savings can be attained by modernization. In addition, replacing older equipment with state of the art technology will result in emissions reduction, increased safety and reliability.

The Port of Oakland and the Pacific Maritime Shipping Association also support AB852.

Recommendation

The San Francisco Administrative Code Chapter 5, Article 3 created a State Legislation Committee, with a duty to formulate recommendations for endorsement, opposition, or neutrality with respect to proposed State Legislation, and further acknowledged the responsibility of the Board of Supervisors in establishing City policy with respect to such legislation. Port staff recommends that the San Francisco Port Commission adopt the attached resolution urging the San Francisco State Legislation Committee and the San Francisco Board of Supervisors to adopt positions in support of AB 852.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-29

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, San Francisco Administrative Code Chapter 5, Article 3 created a State Legislation Committee, with a duty to formulate recommendations for endorsement, opposition, or neutrality with respect to proposed State Legislation and further acknowledged the responsibility of the Board of Supervisors in establishing City policy with respect to such legislation; and

WHEREAS, the Port is home to the Bay Area's harbor service industry; and

WHEREAS, it is in the Port's and the public's interest to promote maritime activities at the Port; and

WHEREAS, the San Francisco Bar Pilots are responsible for the safe passage of more than 8500 vessels every year through the San Francisco, Monterey, San Pablo and Suisun Bays:

WHEREAS, if adopted by the Legislature and signed by the Governor, AB 852 (Assemblyman Mark Leno) would allow funds collected by the San Francisco Bar Pilots for new pilot vessel acquisition to also be used for design and engineering modification to extend the service life of existing pilot vessels; and

WHEREAS, the extension of vessel service lives by modernization is a proven and cost effective practice based on common U.S. Navy, U.S. Coast Guard and merchant marine industry experience; now therefore, be it

RESOLVED, the San Francisco Port Commission authorizes the Executive Director to send a letter to the San Francisco Board of Supervisors and the San Francisco State Legislation Committee expressing support for AB 852.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 10, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 5, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director M Moyer

SUBJECT: Department of Parking and Traffic Pier 70 Seawall Lot 349 Memorandum of Understanding

REQUESTED ACTIONS

Approve a five year Memorandum of Understanding (MOU) with the Department of Parking and Traffic (DPT), a division of the Municipal Transportation Agency (MTA), for property located at Pier 70 Seawall Lot 349. The MOU is on file with the Port Commission Secretary.

Delegate authority to the Port Executive Director to consent to a License between the DPT and TEGSCO, LLC, d.b.a. San Francisco AutoReturn for the subject property, and to make such other discretionary decisions in the interest of the Port as are identified in the MOU and License.

INTRODUCTION

Commencing with the San Francisco Police Department's lease of approximately 8 acres of Pier 70 property in 1987, portions of Pier 70 have been leased to support the City's towing, vehicle storage, and auto dismantling and crushing operations for 18 years.

Pursuant to negotiations with Port staff that began in 2001, DPT proposes an MOU with the Port for use of 12.3 acres of Seawall Lot 349 at Pier 70 for a term of five; DPT subsequently plans to enter into a revocable license with AutoReturn to use the subject property under a set of agreements governed by a Master Towing Agreement. The proposed MOU is subject to approval by the Port Commission and the MTA Board of Directors. The Master Towing Agreement and the agreements contained therein are subject to approval by the MTA Board of Directors and the San Francisco Board of Supervisors. Consistent with past practice, the vehicle storage operation at Pier 70 will operate on a 24 hour, seven day a week basis.

This Print Covers Calendar Item No. 9A

The proposed MOU and License would replace a 1994 MOU for approximately 13.7 acres at approximately the same Pier 70 location, which expired in 1999. DPT has continued its use on holdover status since that time. During the holdover period, DPT licensed the site to Pick Your Part d.b.a City Tow and AutoReturn, as described below.

In 2002, DPT initiated a competitive selection process for a Citywide towing operator. In December, 2003, the MTA Board of Directors chose AutoReturn, the highest ranked bidder, for purposes of exclusive right to negotiate. After the selection of AutoReturn, City Tow opted to cease towing operations for the City in March, 2004.

In response, DPT executed an Emergency Interim Agreement with AutoReturn for Towing, Storage and Disposal Services that went into effect in March, 2004 and was approved by the Board of Supervisors in July, 2004. It has been extended once since, with a current expiration of July 30, 2005. From July 2004 to the present date, DPT has been negotiating a long-term Master Towing Agreement with AutoReturn to replace the Interim Emergency Agreement.

The proposed MOU and License represents an improvement over the 1994 MOU in several respects:

1. Rent for the subject property will increase from the current $96,791 to $121,680 (adjusted annually thereafter by CPI commencing in July 2005);

2. The MOU and the License preclude crushing and dismantling of vehicles as a permitted use at the site, which were the principal cause of environmental contamination under the prior MOU with DPT;

3. The MOU and the License contain stronger financial assurances to guarantee AutoReturn's protection of the property and compliance with environmental laws and regulations, including a letter of credit, a cash oversight deposit to cover Port staff time and specific monetary fine authority for the Port Executive Director;

4. The MOU grants the Port Executive Director specific authority to approve elements of AutoReturn's operations plan, including its Pollution Prevention Plan and Pier 70 Premises Maintenance Plan; and

5. The MOU establishes a principal of late fees for late payment of rent by other City agencies for the first time.

The MOU departs from standard Port leasing practice in one major respect: the premises are not being licensed in a strictly "as is" condition. This is due to AutoReturn's unresolvable concerns that such a provision could expose the company to liability arising from contamination of the site prior to its use. Instead, the proposed MOU and License establish potential responsibility for environmental liability based on AutoReturn's successful maintenance of the surface asphalt and concrete and regular clean up of spills and drips of vehicles fluids.

Port staff and the surrounding community have had over a year to observe AutoReturn as a tenant at Pier 70. Initial transitional problems included poor circulation and queuing of towing vehicles along 20th Street, but as of this writing, these problems have been corrected. Overall

community response to AutoReturn has been positive. The Central Waterfront Advisory Committee heard a presentation from AutoReturn at its April 20, 2005 meeting pursuant to the Port Commission's interim leasing guidelines and recommended approval of the MOU.

As discussed at greater length in this report, current and planned improvements, subject to approval by the Port Executive Director, are designed to enhance security at the site, improve environmental management of the property and minimize disruption to neighbors.

The proposed MOU provides for termination of the agreement by DPT with 180 days notice any time within the five year term and by either party with 180 days notice if the parties hold over the agreement after the term. Unlike the prior MOU, the proposed MOU provides for an absolute hold over limit of 18 months after the expiration of the term. To focus MTA's attention on the proposed development of the Pier 70 Opportunity Area, the MOU requires the MTA Executive Director to contact the Port Executive Director to discuss future plans for the Pier 70 Opportunity Area no later than two years prior to expiration of the MOU. Port staff wish to highlight for the Commission and the community the importance of MTA's responsibility to relocate this essential City service consistent with the provisions of the MOU and in a manner that allows for timely development of Pier 70.

CITY TOW PIER 70 CLEAN UP EFFORTS

The 1994 MOU hold held DPT responsible for any hazardous materials contamination resulting from its use. Port and DPT staff were successful in obtaining City Tow's compliance with a clean up effort to remedy contamination identified on the site as a result of towing and related operations.

In 2001, at the request of DPT, City Tow completed an assessment which identified the presence of asbestos in pipe insulation around several pipelines in a below-grade trench that traverses the DPT leasehold. Based on this finding, City Tow contracted with a licensed asbestos abatement contractor to remove the insulation where the trench was accessible via trench plates. Insulation was not removed from portions of the pipeline that are buried beneath paved areas. The contractor also removed any insulation that had fallen of into the trench as well as non-hazardous trash and debris in the utility trench.

In early 2002, City Tow completed a site investigation in support of proposed grading and paving activities. In October 2003, based on the finding of the previous investigation, City Tow removed approximately 515 tons of petroleum contaminated soil from the vicinity of the former vehicle crushing building. The soil was classified as non-Resource Conservation Recovery Act hazardous waste due to lead content, and was disposed off-site at an approved landfill. The excavated area was backfilled with clean drain-rock or sand and covered with four inches of new asphalt. Improvements to the storm water collection system (new catch basins and connection to combined sanitary sewer) were also installed.

In February and March 2004, City Tow implemented its DPH-approved "Closure Plan", including removing hazardous materials, cleaning former maintenance and hazardous materials storage areas. This work included removing petroleum contaminated dirt beneath the vehicle crusher and pressure-washing the underlying concrete paving. During the closure activities, Port staff observed significant oil contamination in the wastewater from cleaning, and noted for the

potential for migration of oily wastewater through cracks in the concrete paving beneath the crusher. In response to Port concerns, City Tow completed a site investigation in July 2004, which identified petroleum contaminated soil beneath the concrete pad, potentially attributable to PYP's operations. A subsequent investigation (March 2005) identified a limited area where petroleum contamination warrants remediation. The Port has approved City Tow's April 2005 Site Mitigation Plan for executing proposed soil removal.

OTHER PROPERTY IMPROVEMENTS AND CHANGES TO FACILITY OPERATIONS

AutoReturn bills itself as a different kind of tow operator with greater focus on customer service and community relations. According to the company:

> "AutoReturn is the new standard in municipal towing. AutoReturn's philosophy is simple. It shouldn't be a hassle to get your towed vehicle back. With that in mind, AutoReturn's local team brought together expertise and experience in the traditional capabilities of towing (including dispatch, driver management, fleet management, subcontractor management, lot management, vehicle tracking, lien processing, auction management, ability to process salvage vehicles) and added two distinct capabilities not often found in this industry, namely professional customer service and technology (including integrated computer and telephone systems, processes, call centers, trained window staff). During AutoReturn's first year of operation under an interim contract for the City and County of San Francisco, AutoReturn returned pride to this important city service. AutoReturn has made San Francisco the model for other cities to emulate when it comes to municipal towing."

Specific improvements that have occurred at the site to date include:

1. Repaving of the majority of the asphalt surface, sealing of cracks in concrete areas, clean up and replacement of grates, installation of bollards to protect hydrants and improved grading of sections of the property to ensure proper stormwater drainage into catch basins;

2. Installation of a $200,000 perimeter security fence, installation of improved lighting and security cameras, and improved security services;

3. Replacement of the portable trailer office and guard house; and

4. Improvements to the conduct of weekday lien sale auctions.

Planned improvements include:

1. Application of a seal coat to the pavement surface designed to inhibit migration of oil and other fluids into the ground, coupled with a comprehensive inspection, cleaning and repair protocol; and

2. Development of a comprehensive Operations Plan, subject to approval by DPT and the Port, including:

a. a Pollution Prevention Plan providing for the proper storage, handling and disposal of hazardous materials and hazardous waste, wastewater management practices; solid waste management plans; and related environmental protection practices;

b. a Utilities Maintenance Plan providing for utilities protocols;

c. a Premises Maintenance Plan describing the maintenance plan for the surface of the Premises and other property management protocols;

d. a Facility Plan providing for the Contractor's conduct of a clean, well-maintained and efficient business operation to minimize or avoid external effects on the surrounding neighborhood; and

e. a Public Auction Plan describing auction procedures, including a parking plan for auction participants designed to reduce parking impacts of auction events.

In addition, the MOU accommodates an option for the Port to extend 22nd Street through an area reserved for this purpose to provide for better traffic circulation through and around the site, pending a final design addressing safety concerns, a proposed budget and identification of funding for the project.

OUTSTANDING ISSUES RELATED TO THE 1994 PORT/DPT MOU

There are two main issues which related to the 1994 MOU that are outstanding:

1. DPT owes the Port $193,191 in back rent, an amount held in abeyance during a dispute over whether a portion paving costs could be defrayed with rent credits (resolved in the Port's favor); and

2. While the Port is satisfied with City Tow's clean up efforts at Pier 70 where impacts from the previous operator have been identified, there exists possible additional liability exposure for clean up of environmental contamination at the site resulting from prior towing operations.

Port staff and DPT propose to deal with these issues by:

1. Entering into a letter agreement with DPT to amortize the $193,191 owed by DPT to the Port, with fixed interest of 2%, over the five year term of the MOU as a pre-condition of the Port Executive Director's execution of the agreement; and

2. Stipulating in the proposed MOU that DPT's obligation to hold the Port harmless from claims, damages, liabilities or losses as specified in Section 12 of the 1994 MOU survives the termination of the 1994 MOU.

PROPOSED MOU TERMS FOR PIER 70 SEAWALL LOT 349

DPT, AutoReturn and Port staff have negotiated proposed terms of a new MOU that: 1) fall within the parameters of the Commission's rental rates for industrial uses, as approved in June 2002; 2) contain new financial assurances to guarantee AutoReturn's protection of the property and compliance with environmental laws and regulations; and 3) honor the terms of a draft MOU for the premises that DPT published in its competitive solicitation in 2002. The terms and conditions of the MOU are described below. The final form of the MOU and the companion License, including all exhibits and attachments, is on file with the Port Commission Secretary.

Premises:	Certain portions of Seawall Lot 349, located at Pier 70, all as shown on Attachment A as follows: Parcel A: 112,510 square feet of building space including Building 12, Building 15, Building 16, Building 31 and Building 32 (collectively, the "Buildings") 406,810 square feet of yard space 3,968 square feet of Unusable Area (which is included in the Premises but for which the Port will not collect rent) Parcel B: 17,241 square feet of yard space within the Bay Conservation and Development Commission (BCDC) shoreline band, the use of which requires a BCDC permit.
Term:	Commencement Date: the Effective Date as defined in Section 1 of the Towing Agreement, estimated at July 29, 2005, depending on the MTA Board of Directors, the Board of Supervisors and the Mayor. Expiration Date: (5) years from the Effective Date as defined in the Towing Agreement, but not later than September 1, 2010, with a limit on holding over of no more than 18 months after the Expiration Date.
Rent:	Monthly fee of $118,830 for Parcel A and $2,850 for Parcel B, indexed by CPI increase using a Base Year of June 2004 with a First Anniversary of July 1, 2005.
Uses:	Temporary storage and transfer of motor vehicles, related office use, and weekly weekday public auction "lien sales" required by state laws. DPT and Licensee shall not use the Premises for any other purpose, including, without limitation, vehicle crushing and dismantling. Licensee may seek authorization from the Port Executive Director and DPT to maintain, fuel or wash vehicles and/or to sell vehicle parts from the Premises for the purpose of making auctioned or lien sold vehicles operable. These activities may only be conducted after: (i) the Port Executive Director and DPT authorize the specific activity in writing, and (ii) the specific activity is incorporated in an amended Operations Plan. 20th and/or 22nd Street will be used for access and egress to and from the Premises. No loading, unloading, queuing, parking or storage of vehicles will be permitted on any adjacent Port property or public streets.
Financial	Requirement for DPT to hold a $1,000,000 Letter of Credit:

Assurances:

a. Port access to $250,000 to secure rental obligations in the event of 1) DPT's failure to pay rent, and 2) AutoReturn's failure to pay rent to DPT; and

b. Port access to $400,000 to secure damage to the Premises and to comply with 3rd Party regulatory orders or notices of violation after the AutoReturn has failed to comply within a defined cure period.

Non-curable fines of $300 per violation per day by the Port Executive Director for any violation of the License, including failure to comply with the approved Operations Plan.

Improvements: Possible extension of 22nd Street through an area reserved for this purpose to provide for better traffic circulation through and around the site, pending a final design addressing safety concerns, a proposed budget and identification of funding for the project.

DPT requirement to fence off and secure Parcel B, if a BCDC permit is not obtained for the proposed use.

A seal coat will be initially applied to the paved surfaces of the Premises and maintained as provided in the Operations Plan.

Insurance: As recommended the City Risk Manager and approved by the Port Executive Director, prior to execution of the Master Towing Agreement.

Utilities: DPT and AutoReturn are responsible for all utility services and their installation.

Assignment: Port agrees to DPT assignment of operation to Pick N' Pull (an affiliated company) in the event of a default by AutoReturn.

City Requirements:
Non-Discrimination in City Contracts and Benefits
MacBride Principles - Northern Ireland
Tropical Hardwood and Virgin Redwood Ban
Pesticide Prohibition
First Source Hiring Ordinance
Sunshine Ordinance
Conflicts of Interest
Prohibition of Tobacco Advertising
Requiring Health Benefits for Covered Employees
Notification of Limitations on Contributions
Preservative-Treated Wood Containing Arsenic

DPT–AUTORETURN MASTER AGREEMENT

The proposed agreement for vehicle towing, storage and disposal services is a 5-year agreement, with an option to extend, in the City's sole discretion.

The financial terms of the agreement are still being negotiated and therefore have not been disclosed to Port staff. DPT's RFP asked that bidders provide DPT with at least $18 per tow which would yield estimated revenue of approximately $1,275,000, based on 70,000 to 72,000 tows per year. In addition, DPT is modeling its proposed agreement, in part, on similar

agreements in jurisdictions such as San Jose, providing for a small percentage of overall gross receipts, typically in the range of 1-2%. Financial projections for the overall agreement will accompany DPT staff reports to the MTA Board of Directors in June.

The agreement will consist of the following documents:

- The **Master Agreement (Terms and Conditions)** contains City standard terms and conditions. The Scope of Work and Operations Plan (see descriptions below) will be Appendices to the Master Agreement.

- The **Operations Plan** will include the following elements:

1. Tow Service Plan
2. Police Procedures
3. Customer Service Manual
4. Claims/Complaint Processing Plan
5. Auction Procedures
6. List of Approved Subcontractors
7. Subcontractor Performance Standards
8. Subcontractor Compensation Plan
9. Employee Training Plan
10. Policy and Procedure Manual
11. Staffing Plan
12. Security Plan
13. Personal Property Plan [this has become an Appendix]
14. Pollution Prevention Plan
15. Utilities Maintenance Plan
16. Pier 70 Premises Maintenance Plan
17. Facility Plan
18. Public Auction Plan

- Several **Property Use License Agreements** for a customer service center at 850 Bryant Street, a parking lot at 415 7th Street and the Pier 70 property. These licenses are revocable at will by the City and are to be used for the purpose of fulfilling AutoReturn's obligations under the Towing Agreement.

- The **Memorandum of Understanding** between the Port and DPT.

PIER 70 MASTER PLANNING

The Port will begin a master planning process for the entire 65 acres of Pier 66-Pier 70 in the summer of 2005. This project will involve identifying elements of a new National Historic District, including reuse of a number of very significant historic buildings, including several included in the lease hold with DPT. Additional elements will include an environmental remediation plan, an infrastructure plan, development of a public access and open space plan, and creation of an array of new uses consistent with the Waterfront Land Use Plan as approved in 1997, with amendments.

An extensive public community-based planning process will be essential to this undertaking. This will require public meetings, tours of the site, photographic investigations, surveying, and related work, some of which may be minimally intrusive to tenants. All tenants at Pier 70 will be invited to participate in the master planning and will be kept informed as the progress of the work moves forward.

In light of this extensive effort, Port staff wish to highlight for the Commission and the community the importance of MTA's responsibility to relocate this essential City towing and

vehicle storage service consistent with the provisions of the MOU and in a manner that allows for timely development of Pier 70.

CURRENT AND FUTURE NEGOTIATIONS

The current negotiation has exposed some potential deficiencies in the Port's strategy for administering and negotiating property-related MOUs with other City agencies, as follows:

1. The 1994 MOU expired in 1999 and negotiations related to a replacement MOU took until 2002 to complete (in draft form);

2. The 2002 draft MOU was published in a DPT RFP for Towing Services without having been presented by Port staff to the Port Commission for either review or approval;

3. Subsequent delays in completing the 2002 draft MOU have resulted in an unintentional extension of the term of the 2002 draft agreement by a period of 3 years and a hold over period for the 1994 MOU of 6 years; and

4. There was a dispute in official correspondence, resolved in the Port's favor, during the 2002-2005 period regarding whether repaving of the subject property could be offset by rent credits (a matter of Port Commission jurisdiction), resulting in a current past due rent bill for the property.

Port staff recommend that the Commission consider addressing these and related issues by: 1) contemplating a more formalized process, which could mirror permits for Exclusive Right to Negotiate, for future property related MOUs with other City agencies, 2) establishing a formal policy for charging late fees pursuant to MOUs, and 3) clarifying Commission grants of authority related to negotiation and administration of MOUs.

Finally, in the event that the development of Pier 70 takes longer than currently anticipated and DPT desires to continue leasing portions of Pier 70 for substantially similar purposes, Port staff recommend review of DPT's actual revenues associated with participation in gross receipts and consideration of alternate rent structures for the Port that combine a base rent and gross receipts.

RECOMMENDATION

Based on the foregoing, Port staff recommend approval of the 5 year MOU with DPT, conditioned on an agreement with DPT to pay $193,191, with fixed interest of 2% per year, over the five term of the agreement, and a Commission grant of authority to the Port Executive Director to consent to the License with AutoReturn provided that it is consistent with the MOU, and to make such other discretionary decisions in the interest of the Port as are identified in the MOU and License.

Prepared by Brad Benson
Special Projects Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-32

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, Pursuant to a Memorandum of Understanding dated June 1, 1994, as amended March 7, 1996 ("1994 MOU"), this Port Commission authorized the San Francisco Department of Parking and Traffic (DPT) to use approximately 13.66 acres of property for the purpose of storing and handling abandoned automobiles, and related uses, thereby replacing an earlier 1987 license between the Port and the San Francisco Police Commission for a similar use at the same location; and

WHEREAS, The initial term of the 1994 MOU expired on May 31, 1999, after which date the 1994 MOU has continued on a month-to-month basis in accordance with its terms, and the 1994 MOU Premises are currently being used by TEGSCO, LLC, a California corporation, dba San Francisco AutoReturn ("AutoReturn") for its automobile towing, storage and lien sale operations pursuant to an Service Agreement and Property Use License for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles between DPT and Emergency Interim Agreement, approved by the Board of Supervisors by Resolution No. 423-04 on July 13, 2004, File No. 040638; and

WHEREAS, There is a balance owing under the 1994 MOU in the amount of $193,191 and, prior to the effective date of this MOU, DPT will commit to pay or cause to be paid to the Port that amount, with fixed interest of 2% per annum amortized over the five year term of the proposed Memorandum of Understanding (MOU) on file with the Port Commission Secretary; and

WHEREAS, DPT is currently negotiating a long term towing services agreement ("Towing Agreement") pursuant to which DPT anticipates licensing the Port property shown in Exhibit A to the proposed MOU ("License") to the long term towing services provider ("Licensee") and the Licensee is expected to continue use of the real property described therein for a five year term for the purpose of automobile towing and storage and to conduct weekly public lien sales or auctions, subject to all of the applicable terms and conditions of the proposed MOU, the Towing Agreement and License; and

WHEREAS, The proposed MOU contemplates that the Port Executive Director will have the authority to consent to the form of the License, approve an Operations Plan and make such other discretionary decisions as are set forth in the MOU in the interest of the Port; now, therefore, be it

RESOLVED, That the San Francisco Port Commission hereby approves MOU No. M–13828 between the Port and DPT for shed space and paved land located at Seawall Lot 349 in the vicinity of Pier 70 between 20th and 22nd Streets, as described in the MOU and as shown on Exhibit A thereto, in substantially the form on file with the Commission Secretary, and in a final form to be approved by the City Attorney's Office, consistent with the terms and conditions set forth in the Memorandum of Agenda Item 9A for the May 10, 2005 Port Commission meeting provided that DPT commits to pay or cause to be paid to the Port that amount, with fixed interest of 2% per annum amortized over the five year term of the MOU; and be it further

RESOLVED, That the San Francisco Port Commission hereby delegates to the Port Executive Director the authority to consent to the License, and to make such other discretionary decisions in the interest of the Port as are identified in the MOU and License as requiring the approval or consent of the Port Executive Director.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of May 10, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

May 6, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon
Hon. Susan Bierman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational presentation regarding adjustment to the Monthly Parking Stall Rate Schedule for Fiscal Year 2005-2006

DIRECTOR'S RECOMMENDATION: INFORMATIONAL PRESENTATION ONLY

BACKGROUND

The Port operates a number of facilities comprised of individual parking stalls rented on a monthly basis (320 stalls). A map is attached that shows the location of those facilities. On May 1, 1999, the Port Commission approved a new Monthly Parking Stall Rate Schedule by Resolution No. 99-32. This Monthly Parking Stall Rate Schedule was approved by the Port Commission. The rates will be reviewed annually and adjusted as necessary and will then be presented to the Commission for review and approval. The Executive Director now desires to have the Monthly Parking Stall Rate Schedule reviewed and approved annually by the Commission on a fiscal year basis. Accordingly, staff presents this Monthly Parking Stall Rate Schedule for fiscal year 2005-2006 for the Commission's review.

Port staff recently conducted a survey of comparable parking facilities, in the vicinity of the Port properties where the Port rents monthly parking stalls (attached as Exhibit C). The survey determined that the monthly parking stall rates for Port facilities are significantly below current market rates by an average of between 10% - 50%.

PROPOSAL

Port staff recommends that the Port Commission approve new monthly parking rates as shown on the proposed Parking Stall Rate Schedule, attached as Exhibits A&B. The new rate schedule

THIS PRINT COVERS CALENDAR ITEM NO. 9C

indicates by facility the current monthly parking stall rates and the proposed new monthly parking stall rates. The increases in rates range from $20 to $110 per month depending upon the facility and the last adjustment date. Please note that this schedule indicates the parking rates charged to parking permittees, which includes the 25% parking tax that the Port passes through to the City.

Minimal increases are proposed for the parking in Pier 45, Shed C, SWL 302, and Wharf J3 because this facility supports the fishing industry including sport fishing, fish wholesalers and processors. These stall rates were set for the fishing industry support use, based upon a market survey conducted by Port staff to establish the rental rates for the fishing industry facilities at Pier 45. Port staff has concluded that these rate increases are appropriate for this use, and should be increased at this time.

Additionally, Port staff recommends that the Executive Director be authorized to grant discounts of up to 10% for entities leasing ten or more parking spaces. Port staff further recommends that the Executive Director also be given the authority to grant discounts of up to 20% for individual parking stalls as shown on Exhibit A due to their configuration or location within a facility, which makes them less desirable than other stalls in the same facility.

It should be noted that the proposed Parking Stall Rate Schedule applies only to the parking facilities that the Port directly operates on a monthly basis. It will not apply to parking facilities which are leased entirely to an independent parking concessionaire. The rent paid to the Port for such concessions are established by bidding through a bidding process. Also this rate schedule will not apply to parking lots that are leased to retail businesses on Port property for use by their customers and/or employees. The minimum new rental rates for such facilities are established by the Leasing Parameters set by the Port Commission. Finally, this schedule will also increase the parking rates charged to Port employees as follows:

- Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking: One automobile space at Pier 50 or at jobsite provided at no charge. The vehicle must be used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.).

- Parking at Seawall Lot 324 (Broadway at Embarcadero): Parking available for one employee vehicle used for commuting at the equivalent cost of a MUNI FastPass plus $10 and adjusted for any future FastPass increases.

- Parking at Seawall Lot 351 (Washington at Embarcadero): For employees who have been granted a reasonable accommodation under the Americans with Disabilities Act: at the equivalent cost of a MUNI FastPass as such cost is adjusted from time to time by the Municipal Transportation Authority.

- Pier ½ for Executive Director and One Commissioner: $100.

- Pier 15/17 for Meter Shop Employees Only: No charge for one vehicle used by employee for commuting (no boats, trailers, three-axel vehicles, etc.).

FINANCIAL IMPACT

The current annual Monthly Parking Stall revenues are $246,408. The proposed adjusted Rate Schedule will increase the annual revenue to $412,128, an increase of $165,720.

ANALYSIS

The proposed Parking Rate Schedule will increase stall rates to levels comparable with market rates at surrounding parking facilities. In addition to providing increased parking revenues to the Port, the new schedule will discourage long term commuter parking along the waterfront, encourage use of transit and other modes of travel and enhance the Port's management of parking stalls along the waterfront through more competitive pricing.

RECOMMENDATION

Port staff recommends that the Commission adopt the proposed Monthly Parking Rate Schedule for fiscal year 2005-2006 at the June 14, 2005 meeting.

Prepared by: Jeffrey A. Bauer, Senior Commercial Leasing Manager

EXHIBIT A

PORT OF SAN FRANCISCO
MONTHLY PARKING STALL RATE SCHEDULE
FY 2005-06

Facility	Number of stalls	Current Monthly Rate			Proposed Monthly Rate			Last Adjusted Date
		Rent	Parking Tax	Total Charge	Rent	Parking Tax	Total Charge	
Agriculture Building, Tenant Parking	4	$160.00	$40.00	$200.00	$280.00	$70.00	$350.00	4/1/05
Pier 9, Shed Parking	27	$156.00	$39.00	$195.00	$240.00	$60.00	$300.00	8/1/99
Pier 45, Shed C, Commercial Tenant Parking	2	$152.00	$38.00	$190.00	$240.00	$60.00	$300.00	5/1/03
Pier 9, Marginal Wharf Parking	2	$140.00	$35.00	$175.00	$220.00	$55.00	$275.00	8/1/99
Piers 15/17, Marginal Wharf Parking	22	$140.00	$35.00	$175.00	$220.00	$55.00	$275.00	8/1/99
Seawall Lot 303, Commercial Tenant Parking	2	$80.00	$20.00	$100.00	$220.00	$55.00	$275.00	11/1/03
Wharf J3, Commercial Tenant Parking	3	$52.00	$13.00	$65.00	$220.00	$55.00	$275.00	7/1/03
Pier 9, Tandem Shed Parking	1	$124.80	$31.20	$156.00	$192.00	$48.00	$240.00	8/1/99
Seawall Lot 303, Restaurant Tenant Parking	5	$80.00	$20.00	$100.00	$140.00	$35.00	$175.00	11/1/03
Wharf J3, Restaurant	12	$52.00	$13.00	$65.00	$140.00	$35.00	$175.00	7/1/03
Seqwall Lot 302, Restaurant Tenant Parking	12	$52.00	$13.00	$65.00	$140.00	$35.00	$175.00	8/1/03
Pier 96, Truck Parking	46	$100.00	$25.00	$125.00	$100.00	$25.00	$125.00	3/1/05
Pier 50, Shed C	40	$0.00	$0.00	$0.00	$100.00	$25.00	$125.00	new
Fishing Industry Parking:								
Seawall Lot 302 Sport Fishing Parking	4	$68.00	$17.00	$85.00	$84.00	$21.00	$105.00	8/1/03
Pier 45, Shed C, Fish Processors Parking	57	$36.00	$9.00	$45.00	$52.00	$13.00	$65.00	1/1/97
Wharf J3, Fish Processors Parking	21	$36.00	$9.00	$45.00	$52.00	$13.00	$65.00	2/1/02

Effective date: July 1, 2005

g:\parking\parking rate increase exhibit

EXHIBIT B

PORT OF SAN FRANCISCO
MONTHLY PARKING STALL RATE SCHEDULE
FOR EMPLOYEES
FY 2005-06

Facility	For	Number of stalls	Current Monthly Rate			Proposed Monthly Rate		
			Rent	Parking Tax	Total Charge	Rent	Parking Tax	Total Charge
Pier 1/2	Executive Director & one Commissioner	2	$0.00	$0.00	$0.00	$80.00	$20.00	$100.00
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	60	$37.50	$9.38	$46.88	$44.00	$11.00	$55.00 *
Seawall Lot 351	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act		$0.00	$0.00	$0.00	$44.00	$11.00	$55.00 *
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Effective date: July 1, 2005

* Equivalent to the cost of a MUNI FastPast plus $10. Will be adjusted correspondingly to future FastPass increases.

EXHIBIT C

PARKING RATES SURVEY
(As of December 3, 2004)

	Location	Operator	Phone #	Monthly Parking						Daily Parking Rate	Hourly Parking Rate	Covered / Uncovered
				Reserved	Non-reserved	In/Out Privilege	Vacancy	Days / Week	Hour			
1	Anchorage Shopping Center Garage 500 Beach St	Ace Parking	673-7762	$275	$170	Yes	Yes	7 days	24 hours	$35	$5 /hr	Covered
2	2800 Jones St / Jefferson	Wharf Property, Inc		--	--	--	--	7 days	9 a.m. - mid night	$10 Mon - Fri $15 Sat - Sun	$2 /30 min	Uncovered
3	401 Beach / Jones & Taylor	Nunzio Corp		--	--	--	--	7 days	6 a.m. - 10 p.m.	$6 Mon - Thu $15 Fri - Sun	--	Uncovered
4	350 Beach / Mason	Imperial Parking	227-0114	--	$110	Yes	Yes	7 days	24 hours	$12	$1 /15 min	Covered
5	Triangle Parking 2860 Taylor / Jefferson	City Parking		--	--	--	--	7 days	8 a.m. - 2 a.m.	$28	$2 /30 min	Uncovered
6	Pier 39 Parking Embarcadero / Stockton	Ampco System Parking	705-5417		$195	Yes	Yes	7 days	24 hours	$39	$6 /hr	Covered
7	Beach / Stockton	Super Parking		--	$250	No		7 days	8 a.m. - mid night	$20	--	Uncovered
8	Bay / Embarcadero	Central Parking	277-0400	--	--	--	--	7 days	24 hours	$11	--	Uncovered
9	80 Francisco	Ace Parking	956-2174	$260	$210	Yes	Yes	7 days	24 hours	$14	$2 /15 min	Covered
10	55 Francisco	Ace Parking	398-0208	$260	$210	Yes	Yes	7 days	24 hours	$12 for 12 hrs $24 overnight	$2 /20 min	Covered
11	Pier 27 Valley	Central Parking	277-0400	--	$175	Yes	Yes	7 days	24 hours	$11	--	Uncovered
12	50 Broadway	Central Parking	277-0400	--	$240	Yes	Yes	Monday - Friday	24 hours	$13	--	Uncovered
13	735 Davis	West Coast Parking	408-592-3063	--	$200	No	No	7 days	7 a.m. - 6 p.m.	$12 Mon - Fri $5 Sat - Sun	--	Uncovered
14	Broadway / Front	Pacific Park	440-2099	--	$240	Yes	No	7 days		$13	--	Uncovered
15	825 Front	West Coast Parking	408-592-3063	--	$200	Yes	No	7days	6 a.m. - 6 p.m.	$12 Mon - Fri $5 Sat - Sun	--	Uncovered
16	847 Front	California Parking	468-4860	$299.50	$259.50	Yes No	Yes	Monday - Friday	6 a.m. - 8 p.m.	$14	$2.50 per 30 min	Covered
17	Green & Front	Central Parking	277-0400	--	$250	Yes	Yes	7 days	24 hours	$14	--	Uncovered
18	350 Pacific / Battery & Sansome	Central Parking	277-0400	--	$265	Yes	Yes	7 days	6 a.m. - 6 p.m.	$15	$2.50 per 20 min	Uncovered
19	768 Sansome / Pacific	California Parking	468-4860	$395	$345	Yes No	Yes	7 days	24 hours	$20	$2.50 per 20 min	Uncovered
20	750 Battery St / Broadway	Ampco System Parking	956-8148	$300		Yes	No	Monday - Friday	7 a.m. - 7 p.m.	$27	$2.50 per 20 min	Covered
21	Golden Gateway Garage 250 Clay / Battery & Front	Five Star Parking	433-4722	$395	$350	Yes	Yes	7 days	5 a.m. - 6:30 p.m.	$30	Var.	Covered

PARKING RATES SURVEY
(As of December 3, 2004)

	Location	Operator	Phone #	Monthly Parking						Daily Parking Rate	Hourly Parking Rate	Covered / Uncovered
				Reserved	Non-reserved	In/Out Privilege	Vacancy	Days / Week	Hour			
22	Embarcadero / Washington	Ferry Bldg Market Place		--	--	--	--	7 days	8 a.m. - 8 p.m.	$50	$6 /hr	Uncovered
23	Embarcadero Center, Bldg 1/2/3/4	Ampco System Parking	772-0670	--	$380	Yes	Yes (Bldg 2)	7 days	24 hours	$27.50	$8.25 /hr	Covered
24	Pier 3	Hornblower Yachts	788-8866	--	$275	Yes	Yes	Monday - Friday	6 a.m. - 6 p.m.	$20 Mon - Fri $10 Sat - Sun	$5 /hr	Uncovered
25	Pier 1/2	Ferry Bldg Market Place		--	--	--	--	7 days	8 a.m. - 8 p.m.	$50	$6 /hr	Uncovered

SAN FRANCISCO
PORT COMMISSION

MAY 10, 2005
MINUTES OF THE MEETING

/05

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HON. MICHAEL HARDEMAN, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. SUE BIERMAN
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
MAY 10, 2005

1. CALL TO ORDER / ROLL CALL

Commission President Wilfred Hsu called the meeting to order at 4:10 p.m. The following Commissioners were present: Wilfred Hsu, Michael Hardeman, Kimberly Brandon, Sue Bierman and Ann Lazarus..

2. APPROVAL OF MINUTES - April 26, 2005 Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; the minutes of the April 26, 2005 were adopted.

3. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS. (Discussion and/or Action Items)

a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (1 case):

- In re Pacific Gas and Electric Company, United States Bankruptcy Court, Northern District of California, San Francisco; Case No. 01 30923 DM.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case as Plaintiff)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative.*

a. Property: Pier 38

Person Negotiating: Port: Mirian Saez, Deputy Director of Real Estate
*Pier 38 Maritime Recreation Center: Carl Ernst

4. RECONVENE IN OPEN SESSION

At 5:25 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Hardeman moved approval to adjourn executive session and reconvene in open session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

5. EXECUTIVE

A. Executive Director's Report: Executive Director Monique Moyer reported the following:

- New Deputy Director of Real Estate – She welcomed Mirian Saez, the new Deputy Director of Real Estate comes from the East Coast. She's had a long career in property and asset management, most recently in Pennsylvania. She has a degree in public policy and a Masters in Business Administration.

- Installation of Defibrillators at the Port – In March, the Fire Department provided the Commission an informational presentation regarding the importance of the defibrillators. As of today, there are four defibrillators installed at the Port: (1) Pier 1, Port of SF offices; (2) Pier 50D, Maintenance; (3) Pier 35 Cruise Terminal and (4) World Trade Club. The defibrillators will provide improved life saving capabilities.

- Carl Moyer Grant - LB Railco has been awarded the Carl Moyer Grant. This grant provides money to replace the two old diesel engines in the container lift cranes with low emission engines. The Port commends LB Railco for their initiative and getting the grant.

- The San Francisco Conservation Corps Youth Employment Program commenced on May 2, 2005. It was funded in 2004-05 budget. Staff has proposed funding for FY 2005-06. The Port is pleased to have assistance in maintaining its waterfront.

- Town Hall Meeting on May 5, 2005 – Staff attended the meeting held jointly by Supervisors Alioto-Pier and Aaron Peskin. It was a town hall meeting to discuss various enterprise budgets. The Port's budget was represented. She thanked Ernestine Weiss for coming to the meeting and reporting that the Port's budget is

perfect. Staff was happy to have that kind of support. The Pier 27-31 project was also discussed at the meeting.

- Opening of Boudin's at the Wharf – On May 5 and May 6, 2005, Boudin's Bakery opened at the waterfront. She encouraged the Commission and the audience to visit the new bakery at the wharf. Port staff was pleased to see it open in a reasonable amount of time.

- Port to host seminar on Recycling Dredged Material @ Pier 1 – On May 13, the Port will be privileged to hear a presentation from Dr. Dennis Grubb who is the project manager with the Pennsylvania Department of Transportation (PennDot). With funding from the U.S. Army Corps of Engineers, PennDot has been evaluating the use of crushed glass as an alternative to rock aggregate for road base material. PennDot has also been evaluating crushed glass/dredged material blends as potential fill material. Dr. Grubb will be presenting a summary of the results to Port staff, regulatory agencies, other interested maritime parties and the public on May 13 at 9 a.m. Port staff is interested in what he is doing not only because Norcal has its recycling center on Port property but also because the Port is constantly looking for ways to recycle some of its dredged materials. Combining the Port's dredged material with Norcal's unrecyclable crushed glass presents a potential opportunity to recycle two separate waste streams, saving money on both sides.

- AAPA Commissioners Conference – At long last, the Port of San Francisco is hosting the American Association of Port Authorities' Commissioners conference on May 18-20, 2005. This is a meeting of Port Commissioners across the country. This Port is co-hosting the event with the Port of Oakland. Since they took their jobs a year ago, she and Jerry Bridges have talked about working more collaboratively and this is the beginning of it.

- KFOG Kaboom – This annual event is set to start at 4 p.m. on Saturday, May 21, 2005 at Pier 30/32.

- May 23, 2005 & June 1, 2005 – Budget Hearing at the Board of Supervisors. She encouraged the audience and the Commission to attend the hearings as it is important for the Port to have a good representation of people who care about what is happening at the Port. Staff has proposed new positions in the budget to help address some of the weaknesses and challenges experienced along the waterfront. Staff expects to be challenged on the need for those positions. The format of the hearings appears to be under design. It may vary from past format. Normally, Harvey Rose would issue his report first and at those meetings, the Port would respond to the budget analyst's report. It appears that at the May 23, 2005 meeting, the Port will be asked to present its budget and Mr. Rose's report will be available for discussion at the June 1, 2005 meeting. The Port needs support from its constituents at the June 1, 2005 budget meeting. The Port is currently scheduled to be the first department to be heard by the budget committee but there might be last minute changes before the hearing. The Board of Supervisors will again be hearing

the enterprise budgets first and the general fund budgets thereafter, as in past years. The budget will go to the full Board in July and for the Mayor's signature by August 1, 2005. Staff will keep the Commission informed of any new developments. During last year's budget process, no one from the public spoke on behalf of the Port but there were speakers for other departments. Port staff has heard a lot of great ideas on how the Port can improve. Staff has done its best given its limited resources and it would be great to have the public's support to help the Supervisors understand the importance of some the proposals.

- SPUR Sponsored Bay Discovery Cruise on May 23. This event is a great way to profile the Port. She encouraged the Commission to attend the cruise.

- Cancellation of Port Commission Meetings: May 24, June 28, July 12, and August 9, 2005. During the next few months, there will be one Commission meeting each month due to various quorum issues and vacation schedules. The dates will be posted on our website.

Commissioner Hardeman thanked the Director and President Hsu for attending Al Baccari's Man of the Year Dinner. Mr. Baccari was very pleased to have a lot of distinguished people at the dinner.

6. CONSENT

A. Request approval of resolution to apply for, accept and expend $133,000 in grant funds from the California Coastal Conservancy for the Pier 94 Wetlands Enhancement Project (Resolution No. 05-30)

B. Request approval to re-advertise for competitive bids the Pier 94 Wetland Enhancement Project (Site location: between Pier 94 and Islais Creek) (Resolution No. 05-31)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 05-30 and 05-31 were adopted.

7. PLANNING & DEVELOPMENT

A. Informational Presentation on Proposal by The Exploratorium Museum to Develop Piers 15-17 on The Embarcadero at Green Street. (No Action Requested)

Jennifer Sobol, Project Manager, indicated that the Exploratorium Museum is a San Francisco institution. It is currently located at the Palace of Fine Arts. For the past four years, the museum has been looking for a new home in order to accommodate its expanding needs. After conducting and extensive search, followed by exploratory talks with Port staff, the Exploratorium proposes to lease Pier 15 under a long-term lease and develop it for museum and ancillary uses, with the idea of expanding into Pier 17

in later years. Piers 15 and 17 are located in the northeast waterfront on the Embarcadero at Green Street.

The substructures of Pier 15 and the valley are among the most deteriorated of the Port's facilities. Portions of Pier 15 and the valley are already load-restricted. It is expected that use of these facilities will need to be further curtailed in the near future unless very extensive repairs are made to the substructures. The Exploratorium's proposal would provide the museum with a permanent home and at the same time preserve the historic pier shed.

Pier 15 is part of the proposed Embarcadero National Register Historic District and any rehabilitation thereto would be performed in accordance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings. Members of the Exploratorium staff and the development team of Wilson, Meany Sullivan will present their proposal.

F. Van Kasper, Chairman Emeritus and Co Chairman of Real Estate Committee, thanked the Commission for their consideration of the proposal and thanked staff for the consideration they have given them. They look forward to working with everybody on this exciting proposal. The board of Exploratorium supports the vision of this exciting project.

Rob Semper, PhD and Executive Associate Director, indicated that the Exploratorium started in 1969 as a place to help people learn about the world about them. From those humble beginnings in 1969, it has developed into an active place of creation and a model for science centers worldwide as well as a wonderful place to visit for visitors in San Francisco and the bay area region. Currently, they have approximately 65,000 s.f. of interactive exhibits, physics, life sciences and in perception. They have a series of program that involves science and art with lectures, films, performances and webcasts. They have about 500,000 visitors who come to the museum every year; half of which come from the bay area; half come from California and the rest of the world. Of that number, about 124,000 are school field trip visits that come to learn about science with the exhibits. The Exploratorium is unique because it's not only a place of display but it's a place of creation. They create all of the 650 exhibits in the museum. They are built by staff of scientists, artists, and educators. These exhibits are designed to be interactive to support visitor self-learning. The exhibits focused not only on science that's important for school but also current science including such issues as nanotechnology and stem cells. They had supported the City's new responses and successful response to gain the new stem cell initiative in San Francisco. They plan educational programs around that topic. One of the interesting things of the Exploratorium is it's more than the exhibits themselves. It's a place that involves a lot of educational activities. It's supported by their floor staff of high school youths and 120 explainers every year. Their outreach program serves 5,000 youth in the Bay area. He works with teachers throughout the bay area and provides ways for them to learn science and how to teach science to the schools and school children in the bay area. Their work extends beyond the bay as well into the state, the nation and the world at large. They work with 6,000 teachers every year in 37 states. They have exhibits in 73 museums that are in 35 countries with seven million visitors annually. Their website

reaches 17 million users every year. All of these are supported by a dedicated group of 390 employees, 400 volunteers, 38 board members who join together to create a unique institution in the world. There is a recent poll of museum directors worldwide and Exploratorium is rated the best science center in the world by their peers.

Chris Meany, Wilson Meany, indicated that the Exploratorium is a special San Francisco institution. The question is can we find them a new home that works for the City for the Port and for them. They are attracted to Piers 15-17 in large part because they improve the access to the museum from all parts of the City. The Pier 15 substructure is severely deteriorated as mentioned by Jennifer Sobol. Their proposal would be to fully upgrade the substructure of Pier 15, to seismically improve the superstructure of Pier 15 and to install within Pier 15 their museum, fully complying with the Secretary of Interior's Standards for Historic Rehabilitation. Baydelta Maritime is currently a tenant at Pier 15. Exploratorium proposes to renovate Pier 15 and intends to be a great neighbor of Baydelta's. The Exploratorium's staff is particularly excited about being able to expose the children and teachers to the maritime activities that take place a Pier 15.

Mr. Meany indicated that Pier 17 is not in as-bad substructure shape as Pier 15. However, if it is allowed to continue to deteriorate, it soon will be. The plan for Pier 17 is to do remedial repairs that will hold the pier in place and not have it be as bad of a liability for the Port by the time it is renovated. The Port will use it in the near term and it will be an opportunity for the Exploratorium to expand into. People will enter into the Exploratorium from within the valley space. Pier 15 will be on the right and Pier 17 on the left. They will be looking down new public access space that will exist between the valleys. They will create an environment inside the Exploratorium that is appropriate for children and teachers. The teachers will have opportunities for interactive exhibits and displays to advance science. The space needs to be open, bright and light. It works well to play off the industrial character of the piers by keeping them open and light and speak to the great architectural features within the piers. For them, complying with the Secretary of Interior's Standards is not a liability but it's something they are excited and pleased to do. As important as what they are doing inside is the opportunity of this waterfront location, in terms of public access, particularly with children in the City. In the valley area, they propose to lift a large section of the valley floor, exposing the water in the valley to create a pile garden. This would be public access areas where citizens of San Francisco, particularly the children and teachers can wander around, experience the museum, experience outside exhibits and interact with the water.

F. Van Kasper summarized that the Exploratorium is a long standing, important part of the culture and educational fabric of San Francisco. The Exploratorium currently serves students, teachers and the public, locally, nationally and internationally. The institution is financially secure and committed to raising the funds to develop a new home that will enhance its ability to deliver its mission. They believe that a relocation to Pier 15 is a triple win, it's a win for the Port and the City of San Francisco. It's certainly a win for the museum and they believe it's a big win for the public. They understand that it's not the Port's policy to initiate exemptions from the competitive bidding process provisions of the Administrative Code. They are working directly with

the Board of Supervisors on legislation. Their next step is to ask the Board to consider a resolution confirming that the Exploratorium's proposed lease qualifies for exemptions from competitive bidding procedures. The draft resolution recites the basis for exemption and detail. To summarize, the Exploratorium presents a special cultural and educational opportunity for the people of the City and County of San Francisco and providing a use that is recognized internationally as unique not only due to the nature of the exhibits but also its science teaching program. There is no other user that can offer this special opportunity that will meet the Port and the City's public purposes and also provide the substantial financial resources necessary to rehab and develop the property. Supervisor Peskin will sponsor the resolution. Supervisor Peskin has asked the Commission to affirm its support for continued negotiations regarding the Exploratorium's proposed use of Pier 15-17 and express its support for the board's sole source resolution. They look forward to working together as a team with the Port Commission, staff and the public.

Commissioner Hardeman commented that Supervisor Peskin has sent that message to the Commission. Sole sourcing is very unusual but the public will be well served to find another location for the Exploratorium just like when the Giants were at Candlestick Park. The attendance at SBC Park even without Barry Bonds exceeded expectations. The Exploratorium would be well served in a location on the waterfront.

Commissioner Hsu thanked the representatives from the Exploratorium and Chris Meany for making the presentation. The project is looks very exciting and it was well presented. It looks like the Exploratorium has the makings of an exciting museum at the waterfront. He wished them good luck with the Board of Supervisors.

Commissioner Brandon indicated that if it moves forward, it will be an exciting and wonderful project. It will help the Port with its goal of attracting people to the waterfront. This would be an exciting addition to the waterfront. She wished them luck and thanked for them for the thorough presentation.

Commissioner Bierman commented that it would be a wonderful opportunity for parents, children and adults to come to the Port. Children and families just love the Exploratorium.

Commissioner Lazarus concurred with her colleagues and thanked them for coming and sharing some preliminary ideas of what the project might look like. It the project comes to fruition, it would be a lot easier to find than in its current location. She hopes to welcome the Exploratorium in short order and looks forward to seeing how the plans develop and wish them luck in the approvals process.

Neil Malloch, resident of the area, reminisced about Pier 15. The Exploratorium idea is a fine idea. He remembers seeing Pier 15 built in 1931. As a youngster, he remembers Germans going in and out of Pier 15. During World War II, it became a troop transport pier. He remembered going to the pier with other kids in the neighborhood. There were beautiful Scandinavian ships that served the Orient and operated out of the pier for some time and then the State lines and less distinguished

American ships until it became what it is today. He asked about the square footage of the pier facility that the Exploratorium is proposing compared to their current area. Mr. Meany replied that the total program would be 200,000 s.f. which approximates their program today but understanding that their program today is not just in the Palace of Fine Arts. They have outgrown it and occupy much space around the Presidio.

8. MARITIME

A. Request approval of resolution supporting Assemblyman Mark Leno's proposed legislation (AB 749) Limit on Crab Traps in Fishing Game District 10 and South. (Resolution No. 05-28)

Peter Dailey, Deputy Director Maritime, indicated that the commercial fishing industry is the heart of Fisherman's Wharf. The wharf is the heart of the Port. Dungeness crab is our fishing fleet's most famous catch and one of San Francisco's great culinary treasures. There is great concern that this local fishery and the environment are being threatened. Assemblyman Mark Leno has introduced AB 749 to protect local Dungeness crab resources and the fishing grounds. The bill would authorize the formulation of a Dungeness Crab Advisory Committee to advise the State Fish and Game Commission on recommendations for any changes that should be instituted to better regulate the fishery. AB 749 also limits the number of traps a boat is allowed to carry while fishing in San Francisco waters to 250 until 2008 when the State Department of Fish and Game, which regulates the Dungeness crab industry, reviews and adopts regulations to ensure the protection of the Dungeness crab resources and to provide for an orderly crab fishery.

The Port acknowledges the commercial influences on the arguments for and against this issue but staff and others believe that the environmental protections of AB 749 are needed to protect this resource. Limiting the number of crab traps will lengthen the crab season by reducing the number of crabs caught per trip. This would lengthen the season by spreading out the delivery of crab and the amount of wasted or dead crab will be reduced at the beginning of the season. Additionally, this legislation would mean less lost gear littering the bottom of the ocean. AB 749 is supported by a wide area of organizations including the Pacific Coast Federation of Fishermen, National Resources Defense Council, the Farallones Marine Sanctuary Association, Defenders of Wildlife, Save Our Shores, California Coast Keeper, Alliance, Environmental Defense and San Francisco Tomorrow. Additionally, the Port's own Fisherman's Wharf Advisory Group voted to support AB 749 and urged the Commission to do the same. This proposed legislation creates a mechanism for short-term protection of the fishery and allows the State Department of Fish and Game to determine long-term regulations that will provide for a sustainable fishery. By approval of this resolution, the Port Commission authorizes the Executive Director to send a letter to the San Francisco Board of Supervisors and to the San Francisco State Legislation Committee expressing support of AB 749.

Commissioner Hardeman indicated that there were huge amounts of Dungeness crabs caught in November 2004 than in any other month. It was very disturbing to watch on TV and read in the newspapers about the thousand pounds of crabs that were just

thrown away by the big ships coming down from the north. He asked if there were any statistics on that and what percentage of crabs caught that month were dumped in the bay.

Mr. Dailey replied that the commercial crab season in northernmost California and Oregon opens on December 1st, while our local crab season begins on November 15th. Large fishing boats from outside of the Bay Area come to Northern California waters laden with up 1000 crab traps, while our local fleets only use up to 250 traps a boat. According to the Farallones Marine Sanctuary Association, over the past two decades, there has been a 500 percent increase in the number of crab traps used in local waters while the number of crab boats has remained the same. State Department of Fish and Game records show that during the first two weeks of crab season in November 2004, 80 large and small boats caught 2 million pounds of crab, while in all of December, 24 boats brought in 348,000 pounds of crab. The first two weeks of the crab season was a feeding frenzy and oftentimes the number of crabs caught overwhelms the ability to process and some of the crabs are being wasted and wasting the resources.

Commissioner Hardeman commented that crabs are his favorite food from the sea and takes it personally that they just dump them. He's very happy to see something being done to attempt to stop that practice.

Mr. Dailey indicated that the legislation calls for careful administration; it calls for Fish and Game to have an interim period to analyze the problem. There are two sides of the story. This sets up a format for the State to review these issues in depth, put some short-term limits on the catch until such time as they can ascertain the impacts and have recommendations in 2008. It goes a long way for the protection of the environment and the fishery.

Bob Miller, President of the San Francisco Crab Boat Owners Association, thanked Mr. Dailey's for the thoroughness of his report. They had hoped to have this item heard by the Commission at a time when all the fishermen are in attendance to express their support because allegations have been made that the fishermen are against this legislation. In our port, the support is unanimous. All of the crab fishermen are in favor of this legislation. His colleagues can't be here because of the terrible salmon season and they are down south hoping to make a living. The fishing industry at this time in California is in severe threat. The climate situation has created a salmon season structure that is going to be devastating to many of the fishermen. The crab season was over in two weeks. Commissioner Hardeman pinpointed a good part of this issue. Over a long period of time, they have been able to sustain a good fishery over a period of five or six months depending on the fisherman. They would start in the middle of November and continue on until salmon season begins and most of the boats would shift over. With the advent of the huge boats coming into their area with a thousand or more catch. One boat had over 1600 pots. There was essentially a derby fishery that was over in less than two weeks. The waste was terrible. They had videos of one boat throwing dead crabs in the buckets. They know that several boats rather than taking their dead crabs out in the ocean which is legal to dump, went outside between here and the bridge and dumped them into the bay. They also know that some of the processors have been processing some of the dead crabs. It gives them a terrible

reputation. If you ate a crab that has been cooked after it died, you'll never eat another crab again. He distributed a chart showing what has happened with the fishery. He has amended the chart slightly on new information from the Pacific States Marine Fisheries Commission. He urged the Commission to support this resolution.

Zeke Grader, Pacific Coast Federation of Fishermen's Association Executive Director, concurs with staff's recommendation of supporting AB 749. Their organization is a federation of fishing associations up and down the California Coast with members in Oregon and Washington. Without any doubt, the vast majority of fishermen in the crab fishery support this legislation. It's really needed because there is an arm's race in the crab fishery where boats have to be competitive and having to purchase and utilize more gear. This bill intends to slow it down, spread the production out to avoid the waste and other problems. It implements trap limits. Trap limits are already in use in Washington and Alaska. This will help in a number of ways until the Fish and Game Commission has the time to sort things out. First and foremost, it will help consumers. It will mean there will be fresh local crab on the markets over a longer period of the season as opposed to just in November. It will eliminate the waste that occurs when too much crab hit the markets at once and the processors can't handle them. Last year between 40,000-80,000 pounds of crab were dumped overboard. It will provide for a smoother operation of our fishery. This will be good not only for the fishermen but also for the processors and others to better time its labor. Labor won't just be for a very short term. It will provide more time to spread it out and coordinate it with the salmon season. It will mean safer fleet because fishermen do not have to be out in the worst of weather trying to get the crabs while they can get them. If the production is spread out, they can take the time off when they should be when the weather is bad, knowing that there will still be crabs when they go back out. Finally, it's good for the resource. With all the crab traps they have been using, there has been a tremendous loss that's been occurring. These crab traps stay on the fishing grounds and even though they may stop fishing, there are still materials that are used and other things that are littering the ocean bottom. If the 250 traps limit is imposed as proposed in the bill, the fishermen will take more care in assuring that they don't lose those traps. It can significantly reduce trap loss which will eventually help the resource overall.

Tom Creedon, Fisherman's Wharf Waterfront Advisory Group Chair, indicated that this subject took quite a bit of discussion with the advisory group. He delayed any opportunity for a vote for several meetings because he felt that there are several factions that needed to be heard from. The processors are pushing the issue. They took a vote and supported AB 749. He has participated with Fisherman's Wharf back in the days when they said fishing was dead. They worked really hard to improve Pier 45 and make Fisherman's Wharf the fishing capital of the west coast. It's important to get this bill through. In November 2000, there were 225,000 of crabs caught by 39 vessels. In December 2000, only 101,000 lbs were caught by 38 vessels. In November 2004, in excess of 2 million pounds of crabs were caught by 80 vessels. In January 2005, only 69,000 pounds were caught by 14 vessels. This is a season that runs through the end of June. It's important to preserve this fishery.

Commissioner Hardeman commented that Mr. Grader brought up a good point. The nephew of his good friend Tom Hicks, a clinical scientist, drowned in the Bering

Straits of Alaska. They go out to fish in an unbelievable weather. They are so brave to fish in those circumstances. That would be another compelling reason to support this legislation, just the safety of the people going out in the worst conditions. He cannot imagine anybody opposing this legislation for all the reasons mentioned. The mail he's received and arguments against passing this legislation has no merit. It's about the huge boats grabbing what they can. There must be some kind of discretion. It happened with the dredging of the ocean for the rockfish. That was a tough thing to do; the fishermen have to live with it. This is for the best for the fishing industry. After the Commission and the Board of Supervisors approve this legislation, he hopes that people will work together to get it passed in Sacramento.

Ms. Moyer indicated that under the City's Administrative Code, only the Board of Supervisors can take positions on legislation. This resolution would direct staff to write a letter of support to the Board of Supervisors and to the State Legislative Committee, a committee created by the Board to hear legislation. This item and the next item did not make it on the calendar for that meeting. However, Supervisor Peskin has agreed that he would introduce the Port's recommendation on our behalf at their board meeting next week.

ACTION: Commissioner Lazarus moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 05-28 was adopted.

B. Request approval of resolution supporting Assemblyman Mark Leno's proposed legislation (AB 852) Ports and Harbors: San Francisco Bar Pilots. (Resolution No. 05-29)

Peter Dailey, Deputy Director of Maritime, indicated that the San Francisco Bar Pilots at Pier 9 are responsible for the safe passage of more than 8500 vessels every year through the San Francisco, Monterey, San Pablo and Suisun Bays. From the Gulf of the Farallones to the Sacramento Delta, these waters include nine bridges, twenty ports, and two hundred miles of shipping lanes. Pilot services are essential to prevent accidents that would be catastrophic to California's sensitive marine waters. In order for pilots to successfully conduct their services, quality pilot boats are essential.

The San Francisco Bar Pilots have asked the Port to support state legislation AB852 introduced by Assemblyman Mark Leno that would allow funds collected by the San Francisco Bar Pilots for new pilot vessel acquisition to also be used for design and engineering modifications to extend the service life of their existing pilot vessels. To the degree a pilot boat can be improved (e.g. replacing the engines, water makers, control systems, etc.), thereby avoiding the expenditure of more money to purchase a new boat, such improvements should be able to be funded by the current surcharge.

The extension of vessel service lives by modernization is a proven and cost effective practice. In addition, replacing older equipment with state of the art technology will result in emissions reduction, increased safety and reliability. It allows this money to

be used for modification of vessels as opposed to for new vessel purchase. Both the Port of Oakland and the Pacific Maritime Shipping Association which represents major shipping companies in the area support AB 852. Port staff recommends that the San Francisco Port Commission adopt the attached resolution urging the San Francisco State Legislation Committee and the San Francisco Board of Supervisors to adopt positions in support of AB 852.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-29 was adopted.

9. REAL ESTATE

A. Request approval of a five-year Memorandum of Understanding (MOU) with the Department of Parking & Traffic (DPT), for property located at Pier 70 Seawall Lot 349, at Illinois Street between 20th and 22nd Streets. (Resolution No. 05-32)

Brad Benson, Special Project Manager, indicated that in addition to requesting the Commission's approval of a five-year Memorandum of Understanding (MOU) with the Department of Parking and Traffic (DPT), staff is also requesting that the Commission delegate authority to the Port Executive Director to consent to a License between the DPT and TEGSCO, LLC, d.b.a. San Francisco AutoReturn and to make such other discretionary decisions in the interest of the Port.

Pier 70 has been home to portions of the City's towing operation for almost 18 years. Pursuant to negotiations with Port staff that began in 2001, DPT proposes an MOU with the Port for use of 12.3 acres of Seawall Lot 349 at Pier 70 for a five-year term. DPT subsequently plans to enter into a revocable license with AutoReturn to use the subject property under a set of agreements governed by a Master Towing Agreement. The proposed MOU is subject to approval by the Port Commission and the MTA Board of Directors. The Master Towing Agreement and the agreements contained therein are subject to approval by the MTA Board of Directors and the San Francisco Board of Supervisors. Consistent with past practice, the vehicle storage operation at Pier 70 will operate on a 24-hour, seven-day-a-week basis.

The proposed MOU and License represents an improvement over the 1994 MOU in several respects:

1. Rent will increase from the current $96,791 to $121,680 (adjusted annually thereafter by CPI commencing in July 2005);

2. The MOU and the License preclude crushing and dismantling of vehicles as a permitted use at the site, which were the principal cause of environmental contamination under the prior MOU with DPT;

3. The MOU and the License contain stronger financial assurances to guarantee AutoReturn's protection of the property and compliance with environmental laws

and regulations, including a letter of credit, a cash oversight deposit to cover Port staff time and specific monetary fine authority for the Port Executive Director;

4. The MOU grants the Port Executive Director specific authority to approve elements of AutoReturn's operations plan, including its Pollution Prevention Plan and Pier 70 Premises Maintenance Plan; and

5. The MOU establishes a principal of late fees for late payment of rent by other City agencies for the first time.

In February and March 2004, City Tow implemented its DPH-approved "Closure Plan", including removing hazardous materials, cleaning former maintenance and hazardous materials storage areas. This work included removing petroleum contaminated dirt beneath the vehicle crusher and pressure-washing the underlying concrete paving. During the closure activities, Port staff observed significant oil contamination in the wastewater from cleaning, and noted for the potential for migration of oily wastewater through cracks in the concrete paving beneath the crusher. In response to Port concerns, City Tow completed a site investigation in July 2004, which identified petroleum contaminated soil beneath the concrete pad, potentially attributable to PYP's operations. A subsequent investigation (March 2005) identified a limited area where petroleum contamination warrants remediation. The Port has approved City Tow's April 2005 Site Mitigation Plan for executing proposed soil removal.

Specific improvements that have occurred at the site to date include:

1. Repaving of the majority of the asphalt surface, sealing of cracks in concrete areas, clean up and replacement of grates, installation of bollards to protect hydrants and improved grading of sections of the property to ensure proper stormwater drainage into catch basins;

2. Installation of a $200,000 perimeter security fence, installation of improved lighting and security cameras, and improved security services;

3. Replacement of the portable trailer office and guard house; and

4. Improvements to the conduct of weekday lien sale auctions.

Planned improvements include:

1. Application of a seal coat to the pavement surface designed to inhibit migration of oil and other fluids into the ground, coupled with a comprehensive inspection, cleaning and repair protocol; and

2. Development of a comprehensive Operations Plan, subject to approval by DPT and the Port, including:

a. a Pollution Prevention Plan providing for the proper storage, handling and disposal of hazardous materials and hazardous waste, wastewater management practices; solid waste management plans; and related environmental protection practices;

b. a Utilities Maintenance Plan providing for utilities protocols;

c. a Premises Maintenance Plan describing the maintenance plan for the surface of the Premises and other property management protocols;

d. a Facility Plan providing for the Contractor's conduct of a clean, well-maintained and efficient business operation to minimize or avoid external effects on the surrounding neighborhood; and

e. a Public Auction Plan describing auction procedures, including a parking plan for auction participants designed to reduce parking impacts of auction events.

In addition, the MOU accommodates an option for the Port to extend 22nd Street through an area reserved for this purpose to provide for better traffic circulation through and around the site, pending a final design addressing safety concerns, a proposed budget and identification of funding for the project.

There are two main issues related to the 1994 MOU that are outstanding:

1. DPT owes the Port $193,191 in back rent, an amount held in abeyance during a dispute over whether a portion paving costs could be defrayed with rent credits (resolved in the Port's favor); and

2. While the Port is satisfied with City Tow's clean up efforts at Pier 70 where impacts from the previous operator have been identified, there exists possible additional liability exposure for clean up of environmental contamination at the site resulting from prior towing operations.

Port staff and DPT propose to deal with these issues by:

1. Entering into a letter agreement with DPT to amortize the $193,191 owed by DPT to the Port, with fixed interest of 2%, over the five year term of the MOU as a pre-condition of the Port Executive Director's execution of the agreement; and

2. Stipulating in the proposed MOU that DPT's obligation to hold the Port harmless from claims, damages, liabilities or losses as specified in Section 12 of the 1994 MOU survives the termination of the 1994 MOU.

Based on the foregoing, Port staff recommend approval of the 5 year MOU with DPT, conditioned on an agreement with DPT to pay $193,191, with fixed interest of 2% per year, over the five term of the agreement, and a Commission grant of authority to the Port Executive Director to consent to the License with AutoReturn

provided that it is consistent with the MOU, and to make such other discretionary decisions in the interest of the Port as are identified in the MOU and License.

Mr. Benson thanked the following Port divisions for their work on this project: Real Estate, Engineering, Environmental Health and Safety as were Lorraine Fuquay, Steve Bell from the DPT and John W. from AutoReturn.

Joe Boss, Dogpatch/Pier 70, urged the Commission to pass this resolution. AutoReturn is so different compared to the previous operator. Brad mentioned about the improved the lighting. Before they fixed the lighting, it was shining up to Potrero Hill. It took about two months to reengineer it but they got right into it. There are no longer tow trucks running through the residential streets. They are taking very good control over their operators. The 22nd Street extension is very important to the development of Pier 70. The MOU recognizes the potential of that extension. He asked that the Port consider using some of that increased rent as a set aside to fund the street extension. It would be beneficial to Pier 70 and the community.

Commissioner Lazarus asked if the holdover of 18 months was typical under the lease terms. Mr. Benson replied that the 1994 agreement expired in 1999. There has been more than a 6-year holdover for that prior agreement. He does not believe that there had been standards for MOUs in the past. This is the Executive Director's attempt to set a firm back stop for how long this agreement holds over. MTA's relocation of this operation from Pier 70 is one of the major obstacles that stand in the way of potential redevelopment of that area under the Master Planning Process, which was the purpose of the 18-month maximum holdover period. Commissioner Lazarus wondered if that was longer than normal. Mr. Benson replied that he does not know if there is a standard for a limit on holdover periods with MOUs with other City departments . However, this is a firm holdover period written into the agreement. Commissioner Lazarus indicated that according to the staff report, there are no standards for MOUs and this is something that staff might want to pursue. She asked if this would be added into the agenda of policies and procedures that will be looked at based largely on this experience. Mr. Benson replied that this experience did highlight for the Port some potential deficiencies in the way that we pursue negotiations. Port staff did not bring to the Commission the draft MOU that got published in the competitive request for proposals that the City issued. Staff recommends that the Port formalize its process for pursuing these negotiations with other City departments in the future and staff will bring it back for the Commission's consideration. Commissioner Lazarus appreciated all the work that's gone into this project. She complimented Mr. Benson for his thorough presentation and report.

Commissioner Hardeman congratulated Mr. Benson for a job well done on this very special project.

Commissioner Brandon asked for clarification about the second outstanding issue relating to possible additional liability exposure for clean up of environmental contamination and stipulating in the proposed MOU that DPT's obligation to hold the Port harmless from claims, damages, liabilities. She asked if DPT is responsible

should there be additional liability. Mr. Benson replied that the environmental liability exposure at Pier 70 is complicated due to the long term industrial operations at the area. There may be some liability exposure to the Port related to older, industrial operations at the site. DPT and before it, the SF Police Commission, had agreements where they would be liable for any exposures resulting from towing operations at the site. This new agreement stipulates the provision of the 1994 MOU that if there is new contamination found at the site that has not been identified by City Tow's various assessments of the site to date and there is a regulatory order or there is a need to clean that up and it's identified as being connected to that towing operation, that would be DPT's responsibility.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-32 was adopted.

B. Informational Presentation by the San Francisco Public Utilities Commission regarding the San Francisco Electric Reliability Project (Peaker Plant). (No Action Requested)

Ms. Moyer indicated that the Public Utilities Commission (PUC) has been working on a peaker project for some time. She had asked PUC representatives to make a presentation to the Commission regarding their plans. No action by the Commission is required at this time. This is an opportunity for the Port Commission to hear and comment on their plans.

Barbara Hale, Assistant General Manager for Power at PUC, indicated that this is not an action item. They will come back to the Commission for action items later this year. This presentation will provide the Commission some background and opportunity to think about the issues that the SF Electric Reliability project present to the City. The SF Electric Reliability Project is part of an overall City plan to improve our air quality and to eliminate the existing older City generating plants. Hunter's Point and Potrero Power Plants are part of a City-owned and controlled energy portfolio to support electric reliability and to maximize the renewable generation and energy efficiency. They have produced for the City and County of San Francisco (CCSF) and was adopted by the Board of Supervisors an energy resource plan that provides a comprehensive solution to the overall City's needs for reliable service. It addresses renewable, like solar, wind and wave generating technologies. It addresses demand management programs like conservation and energy efficiencies. The Port is active with SFPUC in evaluating renewables and energy efficiency opportunities at its facilities. They have in their Electrical Reliability Plan statements to support their combustion turbine project and cogeneration. They are not alone in their efforts to ensure reliable electric service for San Franciscans. The California Independent System Operator (CAISO) is responsible for serving as a traffic cop for our electric grid. They have helped them in understanding what they require to allow the CCSF to be assured that the obligations to have the older fossil plants that are polluting removed from the portfolio of resources that are relied on by the State to ensure reliability. The CAISO has adopted an action plan, an unprecedented approach that

lays out the road map to shut those older plants down. The key component of that road map is improved transmission and new generation. They have identified 14 transmission projects that are being implemented by PG&E. They have identified the SF Electric Reliability Project as key to removing those two power plants at Hunter's Point and Potrero from being resources they considered necessary for San Francisco and the greater Bay Area's electric reliability. PG&E has made progress on ten of the transmission projects that are identified in the CAISO plan including the Jefferson Martin transmission line. Once that project comes on line which is expected soon, the Hunter's Point Power Plant, according to the ISO (the Independent System Operators Reliability Criteria) will be allowed to shut down. Once they have the combustion turbine project in place, in summer 2007, the CAISO has indicated that Potrero Generating Unit 3 will not be needed to protect reliability. They make a formal statement to that effect and release that generating station from the portfolio of resources they rely on in 2008. They expect the four remaining PG&E transmission improvements to allow the remaining units of Potrero to be released from this reliability requirement by the end of 2007. This is not just a San Francisco issue or a PUC issue. Their project team involves a number of City departments and State and local government agencies, particularly the Mayor's office, the Mayor's Office of Economic Development, SFPUC staff, City Attorneys, Planning Department, Department of Environment and many others. MUNI and the Port are their partners as they move forward.

Karen Kubick, Project Manager, acknowledged the efforts of Port staff in assisting them with putting together the environmental documentation for this project. They went through great lengths in a very short amount of time. There are four turbines that were acquired from the settlement during the energy gouging time period. They have development money to put this project together. They would be able to recover costs from the State, a one-time exciting opportunity. One of the peaker units will be at the San Francisco Airport, north of United terminal. The other three combustion turbines would be at Pier 80. They are looking at the four-acre piece of land that was recently sold to Muni for the Muni Metro East developments. Four acres of that development is not required. They are negotiating with both Muni and the Port to come up with an MOU so they can use the four acres for siting three of the peaker units. Just to the east of the four acres, they will be working with Port staff to come up with a proposal for staging. They will be in construction approximately at the same period of time as the Muni Metro project. Potrero Unit 3 stack which is 280 feet high is quite big. The units in the City have 85 feet high stacks that will be the highest point on each of the plant. A big concern with peaker plants is air quality issues. The power plants impact is shown in the diagram in terms of ozone per cursors and PM_{10}. PM_{10} is a particulate matter which is dust that comes out of any combustion process. It's compared to the Hunter's Point and Potrero Power Plant. Peaker plants are intended to be used for short duration. They are not running constantly; it's not a base load plant that is running constantly. They are intended to be turned on and off quickly. In some cases, they may be running at a matter of hours but during the highest demand period to ensure reliable power. Air modeling is a big deal. They have used Sierra Research to take a look at where the current maximum air quality impacts are. PM_{10} causes additional asthma, breathing problems. They looked at the situation with Hunter's Point and Potrero plants running and where the highest points are impacted. Shown from the bottom to

the top of the chart is increased intensity of impacts. The darker portions end up being the higher elevation portions of Potrero Hill and Hunter's Point. Moving along with the CAISO Action Plan, putting in the peakers, completing the transmission projects brings the picture on the right with only the San Francisco peaker plants running with the other facilities out. That will clean up the air quite a bit. They are interested in the health and the impacts the facilities will have. Their analysis has shown that they are well below any health based significance levels. They are working directly with the Power Plant Task Force which represents the neighborhoods of Bayview, Dogpatch, Hunter's Point, siting some additional air monitoring devices to be able to capture some more background information. They are siting these collaboratively with the neighbors - two sites in Potrero and two sites in Hunter's Point so they can access and get more base line information for two solid months to know what the situation is. There are some concern that the other monitoring devices may not be as accurate. They want to be able to confirm what they have before moving forward with the project. Their project will include all the high tech advances possible to reduce emissions. They will have a benefit and mitigation package associated with it. This project is complicated because the project portion in the City gets licensed by the California Energy Commission through a CEQA process which involves tons of lawyers. The project at the airport goes through the City Planning Process so they go through a regular CEQA process. The CA Energy Commission actually mandates that they do a full particulate matter mitigation for the maximum that could be generated for the number of hours that they are permitting the peakers for. They had a list of 47 at one point and held lots of public meetings and hearings and the list is now down to the top four which is enhanced street cleaning. It's not the kind of street cleaning where cars get towed and people have to move their car. It's the middle of the street cleaning of particulates. Another consideration is siting and paving open dirt lots. There are a lot of open dirt lots along that area that blow into the neighborhood and businesses, vehicle scrapage, pulling the old cars off the old street, fire place retrofits, etc. On the community benefit side, there will be a companion package. On the PM_{10} monitoring they are looking at a program that is approximately $1 million. They are looking at another $1 million program just to benefit the communities that are adjacent to the facility. Tree planting has been one that has been expressed as an interest by the Dogpatch as well as the Bayview Hunter's Point (BVHP)and solar power installation. Another concern is indoor air quality. Asthma affects the kids at BVHP. They have begun working with an organization called HERK which addresses pediatric, asthma and they are funded by the Department. of Public Health. They are looking at coming up with a proposal to do simple stuff that will make a big difference, improved ventilation, advanced carpet cleaning and replacement and expanding educational programs. They have been organizing public meetings. The CEC Commission held a hearing on the project. They had a chance to go to the Southern Waterfront Advisory and they will be going to the Central Waterfront Advisory shortly. They are planning an open house for the project on June 20 and 21. It will give the public more chance to come up and touch the air monitor, talk to the engineers, etc. It will be a chance to interact on all different levels. The Department of the Environment will be in attendance as well as staff from PUC. The schedule is a big deal on this project. Anything could put them off course. They are in a very tight schedule. They are trying to have a project completed in summer 2007. The licensing process through the CEC last until February 2006 then through a City approval process, going to a variety of

Commission and through the Board of Supervisors. They intend to have a completed package that details all the financials, the contracting, has selected all the contractors and power purchase agreement in hand. They are trying to get to the point where they can release Potrero #3 and not have it needed anymore. They have a lot of challenges ahead of them. They will be working with Port staff on the terms of a Letter of Intent and move forward with a MOU to be able to use the four acre site for this project. The stars are aligned. PG&E is moving ahead with the work they are doing. They have site control of this property but it involves a lot of City departments to be able to make this project work and hit those dates. She introduced Jim Marks, PUC's communication staff as well as the project engineer, Russell Stepp. Their goal is the permanent retirement of Hunter's Point and Potrero generating units.

Commissioner Bierman indicated that when she was on the Board of Supervisors, the high number of asthma cases among children at the Bayview was a big concern. Getting this project accomplished would be a wonderful thing for the children and residents of the BVHP.

Jim Delisle, operator of power plants, asked about the megawatts for the units, how it would compare with the nitro oxide from the present plant and if they are using gas recirculation for efficiency. Ms. Kubick replied that currently there are approximately 48 megawatts per unit; the facility in the City will be about 148 and the facility at the airport, under 50 and they are gas turbines. She will share the chart with Mr. Delisle as it gives a perspective of what impacts the facility is making.

Commissioner Hardeman commented that six or seven years, they were out there celebrating to built new power plants to get rid of the bad particulates. He was glad to see this project move along and hopes that it will soon come to fruition.

Commissioner Brandon was glad to see this project move along but the brief informational presentation was not comprehensible to even make a decision. For the Commission having heard this presentation for the first time for only 15 minutes with not a lot of details, was alarming to her. PUC has been working on this project for years and know all the ins and outs. There's not a lot of information provided to the Commission to even make an informed decision. She thought that Mr. Delisle asked a fair question. She too has a lot of questions. She wondered what would happen to the power plants that are still operating.

Ms. Hale replied that it's not their intention to ask the Commission to make a decision or express any support on the project at this time. They are aware that this is a very complex set of moving parts that City departments need to understand. Their own Commission needs to understand the tradeoffs and what's involved. They are trying to slowly communicate and bring the Port Commission up to speed so that when it is time to make a decision, the Commission will be comfortable. They have met with staff and will continue to have those meetings. With respect to the air quality question, they understand that under CAISO Action Plan, they currently pay Hunter's Point and Potrero Power Plants extra to have them continue to operate. They are expensive, dirty plants. The City has been very clear that they'd like to see them no longer relied on. CAISO has announced publicly that if PG&E closes those 14 transmission projects

and the City installs the CTs and locate them accordingly, they will take away those economic incentives for Hunter's Point and Potrero to continue to run. They expect that once their facilities are on line, the air quality impacts will be well below any health based level of significance.

Commissioner Brandon indicated that it sounds good but it does not say that the Potrero Power Plant will be shut down. It doesn't mean that it's not going to run; it doesn't mean it's going to have the emissions that it currently has. What's the trade off for taking three new peaker plants and still have the existing old plants there ready to use? Ms. Hale replied that the CCSF and CAISO cannot direct a power plant to shut down. What they can do is create the economic circumstances that will make it the right business decision for the operator to choose to shut down. That's under their control and that's what they are working towards. They don't have a guarantee that Potrero will shut down but the City is actively engaged in working with Mirant, the property owner and plant operator, to make sure that it's in their economic interest to shut that.

Commissioner Brandon appreciated their presentation. She thought that based on their timeline, they will be coming back a few more times before they ask the Commission for any decision.. She asked if they are going to give the Commission specifics on what is going on. Ms. Hale replied that they would be happy to answer any questions more specifically the Commission may have. They are happy to come back as many times as necessary for the Commission's comfort level to make a decision. The decision point that will be before the Commission has to do with the land transaction that Ms. Kubick referred to.

Ms. Moyer asked Ms. Hale to give the Commission information about the MOU to give them a better understanding of what their decision rights are going to be. Ms. Hale indicated that what they have at this point is a letter agreement with Muni who is the holder of the property. Commissioner Brandon indicated that it's a long-term lease. Ms. Moyer replied that it's a lease in perpetuity for which Muni paid an amortized rental payment in full. Ms. Hale indicated that the trust is not on the property where they will be putting the power plant.

Ms. Kubick added that the MOU entails use of the land and its use of adjacent property for staging during the construction process which is approximately 9 months. One thing that she should have stated is that this project will not be going anywhere. It won't be leaving the Board of Supervisors unless at that time all the deals are set so they can definitively describe how Mirant is leaving and how Potrero will be shutting down. While the City has an agreement with PG&E on the shutdown and removal of Hunter's Point plant, it's going to take a lot of work. The Power Plant Task Force has been instrumental in pulling Mirant together with CAISO and PG&E and PUC and has gotten them to state what they will do when their RMR was removed because they want to recover any money they can and they lose this incentive. This is the uncertainty but if they don't move forward towards this course, they will lose the opportunity to ever have that happen.

Commissioner Brandon asked when that decision will be made by the Board of Supervisors. Ms. Kubick replied that decision will occur in a year. Either the deal will leave City Hall or they would have spent a year running around like maniacs and have nothing to show for. There has to be something tangible to be able to demonstrate to the Board that they will be gone.

Commissioner Hardeman encouraged them to move faster and have something concrete they can vote on and cleans up the mess. This has been going on since he first joined the Commission. They have talked about building Pac Bell Park when they were going to build the last power plant. Pac Bell Park is now in its 5th season. He feels sorry for all the people living in that part of the City.

Commissioner Bierman indicated that there is a sense of urgency when you are around the schools and see asthmatic kids. It's been a long time and would like to see something done to help the children and the neighborhood.

Commissioner Hsu asked about the ozone levels in the PM_{10} chart. The peaker plants are smaller in size than the Potrero Hill unit #7. He asked about the absolute output of the different plants. Ms. Kubick replied that with the new peaker plant, it will be licensed for 4,000 hours. Typically, the other plants are licensed to run as base load or 8,000 hours and up. It's basically the number of hours that the plants are running. Many of the plants are extremely old, approximately 28 or 40+ years old. This is newer technology to be able to reduce the emissions. They will be using the best available equipment to be able to reduce anything that will leave the plant; it's still a combustion process so you have particulate matters. The total amount from their facility if they were running at max for the permitted hours is 18.2 tons of California Energy Commission which will be in addition to all the other things they are doing to the plant design. They are required to do physical changes that will mitigate that amount of PM_{10} in the affected neighborhood. They have tried to go through lengths to do different air models to show what parts of the community are currently affected than had been bearing the larger portion of the burden while all the plants have been running.

Commissioner Hsu indicated that the chart shows the maximum output tons per year. Ms. Hale indicated that it gives the relative output of the project they are proposing versus things like the freeway, I-280 and CalTrain. Commissioner Hsu asked about the production of kilowatt or the measurement of electricity. Ms. Hale replied that it will be about 150 megawatt that they will be producing when they are called upon to produce to ensure reliability. Commissioner Hsu asked how the output would compare pollution per megawatt with the other plants. He asked if they've done the comparison. Smaller vehicle have smaller emission but what about miles per gallon. Ms. Hale replied that it's a more efficient facility; it's going to be run less frequently. Trying to draw on Commissioner Hsu's analogy, it would be a better car. With the bigger plants, it's like they're running the car all the time because it takes 24+ hours to be able to start Potrero or Hunter's Point. It's a different type of power plant. These new power plants can basically go on and off in a 30-minute time period. Commissioner Hsu asked about the efficiency of production of megawatt; how much output of pollutants per megawatt. Ms. Hale reiterated Commissioner Hsu's question of whether this is the

most efficient power plant that they can put down. Ms. Hale indicated that what they have is the right balance between efficiency and production of pollutants. There is a tradeoff depending on the type of technology used. If the CCSF choose to put a combined cycle power plant down that's more efficient and not necessary a peaker plant which is less efficient when it's run but runs less and has a shorter start up time, you get the tradeoff. The air quality improvements overall are dramatic. The efficiency improvements are very good and dramatic relative to the existing power plants. Relative to other fossil generating plants that you could put down in San Francisco that had been proposed for other locations, it's still very good. Commissioner Hsu asked if the three peaker plants were built, would they cover the required power generation without the existing plants. Ms. Hale replied affirmatively and added that CAISO has identified it together with the 14 transmission projects. Ms. Kubick added that it's a balance. These plants alone without the transmission improvements could not supply the whole San Francisco. CAISO has gone to the extreme to get the transmission project to be able to carry it through anything. There is also a proposal looking at 2011 and outwards of even some more radical types of transmission projects. The idea is to take this opportunity to get rid of the older plants, have this project that would just run short duration and be able to get the air benefits as well. They are not building a base load plant that will be running all the time.

Commissioner Bierman asked about the time line of this project. Ms. Hale indicated that they are moving forward with the project, getting the necessary approvals over the next year and hope to be in construction and have it on line the summer of 2007. They have been fortunate to have a new general manager, Susan Leal. They have new staff at PUC who are focused and determined on getting this done. Ms. Kubick has been very capable in pushing this project forward. The City staff and the multi-department cooperation is coming together to make this happen. They have seen serious leadership from the Mayor's office. They are going to get beyond the "it's always out there" as a prospect to improve air quality in that part of the City. It's also important to remember that they are not proposing just a fossil plant. They are proposing a portfolio of resources, working with other City departments to bring other renewable resources to San Francisco and to reduce the need for power overall through energy efficiency improvements. It's a package and it will take some time. They are moving as fast as they can as they do take seriously the health impacts that the community is facing.

Commissioner Hsu thanked Ms. Hale and Ms. Kubick for their presentations and other representatives from PUC for attending the meeting.

C. Hearing on proposed monthly Parking Stall Rates for Fiscal Year 2005-06.

Jeff Bauer, Senior Commercial Leasing Manager, indicated that the Port operates a number of facilities comprised of individual parking stalls rented on a monthly basis. The rates were last adjusted in May 1, 1999, understanding that Port staff would periodically review the rates and seek approval from the Commission. The Executive Director now wishes to have the parking stall rates reviewed annually on a fiscal year basis. To that end, Port staff recently has conducted a survey of comparable parking facilities. The survey indicated that Port parking stalls are well below current market rates. The new rate schedule would increase the rates ranging from $20 to $110 with

minimal increases at facilities to support the fishing industry. Current annual monthly parking stall rates revenues are $246,000. The proposed new rate will increase the revenues over $412,000; an increase of $165,000. Port staff will recommend at the first meeting in June to adopt this pursuant to a consent item.

Ms. Moyer indicated that staff has not yet made a determination whether this item will be under consent.

Commissioner Lazarus commented that staff would be proposing monthly parking stall rates annually. Ms. Moyer replied that it is her intention to bring this item to the Commission annually in the interest of treating all of our tenants fairly. This is something that needs to be brought into the public eye on a regular basis even if we make no change in conjunction with the annual budget. If something dramatic were to change in the market place with regards to parking, staff will present it to the Commission mid-stream. The rates have not been adjusted in a long time.

Jeremy Nelson, Policy Director with Transportation for a Livable City, a non-profit organization in San Francisco, indicated that they work for greater transportation choices, increased funding for transit, bike and pedestrian infrastructure and more affordable housing. One of the policy reforms that they have been working on in the City is parking policy and making sure that the parking policy does not reflect outdated transportation land use planning principles. In a lot of cases, it does. They support the proposal but the larger issue is that they lauded this Commission and staff for being the leader when it comes to environmentally sustainable transportation and land use planning. The Port's under two challenges: (1) managing environmentally sensitive lands and (2) increasing access by the public as efficient as possible. This proposal does that. It's not market rate parking. Best practice transportation planning is to institute market rate and demand responsive parking. The prices match the demand in terms of everything else we buy as consumers or purchase as real estate. Prices match demand and market rates set the price. It's a significant improvement over the rates that have been in place since 1999. We need to start thinking of our parking as a valuable asset. It's appropriate that this item follows the one the Commission just heard because in terms of environmentally sustainability and efficiency of resources, this proposal encourages both. Transportation has an environmental impact. This is a good idea. For transportation reasons, the Commission should encourage efficiency of its limited parking resources on Port properties. By charging lower than below market rates for monthly parking, the Port is encouraging commuter parking. Commuters come in the morning and drive during peak hours which is the worst time in terms of street capacity and traffic congestion. They stay in that parking space all day and they leave in the evening rush hour. Not only do they congest the streets but they haven't made efficient use of that space. Higher market rate prices encourages short term parking, encourage turn over and encourage more people being able to access the Port. For a revenue standpoint, in this time of budget cuts and looking for ways to do more than less, the Port shouldn't be giving away below market rate parking. It's a public subsidy for driving which is an environmentally inefficient and unsustainable way to access Port properties.

10. NEW BUSINESS / AGENDA SETTING

Ms. Moyer indicated that there staff is working on a portwide fire protection program to improve all of the Port's facilities with more modernized, fire protection services. Staff will be seeking Commission's approval to issue an RFQ for this service. Staff intended to present the rental rate schedule at this meeting but instead will be presented at the next meeting. It is staff's goal to review and increase our berthing rates. They have not been amended in ten years. They are priced significantly below the market. The Fisherman's Wharf triangle parking lot will be presented at the next meeting. As the Commission may recall, some of that space was used for laydown for the construction of Boudin. Staff will be bringing back an amendment to put those stalls back into the place. .

Espanola Jackson, Bayview Hunter's Point, indicated that she was here two years ago concerning the group that wanted to build the living classroom on a toxic dump in Bayview Hunter's Point that is right behind PG&E. She has been living at Hunter's Point since 1948. She knows the area. She knows the land fields that has been placed in that area and all the toxics that's there. LEJ issued a report that they had taken 5000 children to Heron's Head Park. She was astounded that they would take Taking 5000 children to a toxic dump without putting any type of protective gears on them. The staff has a building there. When they get ready to go in, they put on boots so they won't be tracking toxics back into their homes. The children do not do that. Who would be liable for the health risk for the children in Bayview Hunter's Point? BVHP is not just a black community. There are a lot of Asians, Latinos and others. An environmental justice organization should be concerned about the health of the people in the community. The woman who heads up the organization does not care. She told her that it was a toxic dump. She used to live at BVHP but when she learned about the toxics, she moved. The people living in public housing cannot go any place. The people there are poor; they can't go any place. The children should not be going to the toxic dump. She hopes that the Commission does not allow a classroom to be built at that site..

Rene Gonzalvez, Alpha & Omega Evangelistic Ministry @ Bayview Hunter's Point, asked the Commission not to approve the lease for the Literacy for Environmental Justice. He is very concerned about the health and welfare of the children. He understands that the living classroom has been in the making for a while. He understands that in 2001 that before an application was submitted to the Port for any money that the Port had already signed over a temporary lease for the property. Their children at BVHP are their favorite people. They love their children and they are concerned about their health. He asked the Commission not to approve the lease because the children and the parents will be suffering. A lot of the parents are already suffering. The ground there is not stable. He read the report about the soil testing in the area. There are so many contaminants out there. There are so many things that they do no approve of that he does not see how the Commission can sign a lease approving the grounds to be used for a living classroom. He also understands that the building design was changed because the ground is not level enough. It sinks in many locations. He asked the Commission to be more concerned for the children of BVHP.

11. PUBLIC COMMENT

James Delisle, commercial fisherman, indicated that he and his wife have operated a commercial boat at Fisherman's Wharf for a few years. The boat caught on fire and was burglarized three times. In 2000, he acquired locker #74 from Hedley Prince, put a lock on it and stored his fishing gear and auto pilot license. Unbeknownst to him, Hedley Prince never recorded that he was the holder of locker 74. He issued it to another individual and that person cut the lock and ransacked all of his equipment. He asked the Commission to check into this matter and replace what was lost because of Mr. Prince's inattention, inefficiency and negligence.

Bill Stephens, Historic Ships Memorial at Pacific Square, indicated that thanks to Port staff, they were able to access Pier 48. In consultation with BCDC, they run two pier scenarios and they have cost analysis for that pier which will be included in their proposal. They also found unique pictures of the Iowa that will be forwarded to the Navy Historic Society for publication. The fundraising write up is in the editing mode as well as the proposed contractual issues. In two weeks, they will go back to Hawaii for the second time to visit the USS Missouri to run a comparative analysis to prepare for Iowa's arrival. In six weeks, they will be on board the USS Wisconsin, Iowa's sister battleship in Norfolk, looking at their engineering plans and their upkeep and protocols. Their engineering team checked out the USS Midway in San Diego to look at their fire prevention programs which the Fire Department mandates for children in overnight programs. A museum in Iowa, a few blocks away from the Capitol, is interested in their gear - the hats, lithographs, etc. to put on sale for the namesake battleship. They look forward to submitting their proposal.

Merylin Wong, Historic Ships Memorial at Pacific Square, indicated that in recent days, public and media attention has been drawn to the financial difficulty faced by the aircraft carrier museum, USS Hornet, at Alameda Air Station. This confirms that locale, visibility and accessibility are key factors for long-term economic feasibility. For instance, the aircraft carrier Intrepid from New York has been in operation for 20 years and continues to see over half a million visitors per year. Over time, over hundred ships have been decommissioned, sold to a foreign country, scrapped, used for target practice or made available for donation. Only 46 ships in the Navy's entire fleet have been deemed worthy for donation. In the 1990s, the Navy that contracted to scrap the USS Hornet and the process by which it was saved was unusual. Perhaps what was not thought through carefully was the ship's long-term survival. The ship remains there six years since it was placed. It's still in Alameda Air Station. With regard to the USS Iowa, they remain focused. It will not deter them from continuing on with their work, in carrying out their strategic vision and goal of working with the Congress, the Navy, Port staff, residents of San Francisco and citizens throughout our nation to bring this charismatic attraction to the waterfront. She invited the Commission to attend the Vallejo Convention and Visitors Bureau luncheon on May 11, 2005. Bill Stephens will be the guest speaker and he will be discussing the economics of historic tourism.

Paul Gomez, Historic Ships Memorial Veterans Association of USS Iowa, indicated that the request they have made to the Commission and the Mayor for a permanent pier remains the primary issue in their efforts to make the Iowa project a total success. Progress has been made on the funding issues but the pier remains a critical priority for the Iowa to be converted into a museum memorial. In the last few days, the Commission may have heard about the financial plight of the USS Hornet. They openly spoke about being in prime

locations such as the San Francisco waterfront. They have made comments that directly support their positive blueprint to the Commission, the media, the Congress, the Navy, people of San Francisco that San Francisco is the right place for a financially sound investment such as the battleship Iowa. It is a win-win situation for the City, their organization and the hundreds and thousands of American veterans who have served this country. The Commission controls, in its community responsibility, a location that is envied by many. Those of them who served on the Iowa looked to the Commission for the leadership that is needed to put San Francisco on the world map as the City that provided the last available battleship, the Iowa, a pier along the great waterfront for a world class museum memorial.

Edward McCormack, Marine Engineers Beneficial Association, indicated that he has sailed around the world the past 22 years and this is the most beautiful harbor and bay he's ever seen. He feels that the Iowa is like a classic car. People will want to see the Iowa just like they would like to see the Potomac. They are beautiful. With its maritime history, being in the war, it's a win-win situation for the tourist industry in San Francisco.

12. COMMUNICATIONS

13. ADJOURNMENT

ACTION: Commissioner Hardeman moved approval to adjourn the meeting; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

Commissioner Wilfred Hsu adjourned the meeting at 7:40 p.m.

DOCUMENTS DEPT.

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NOTICE OF CANCELLED MEETING

The following Regular Port Commission Meeting has been CANCELLED:

MAY 24, 2005 @ 3 P.M.

The next regular Port Commission meeting is scheduled

on

JUNE 14, 2005 @ 3:00 P.M.

at the
Port Commission Hearing Room,
Second Floor, Ferry Building

San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
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SAN FRANCISCO PORT COMMISSION

Wilfred Hsu, President
Michael Hardeman, Vice President
Kimberly Brandon, Commissioner
Sue Bierman, Commissioner
Ann Lazarus, Commissioner

Monique Moyer, Executive Director
Phone: 415-274-0400; Fax: 415-274-0412

Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax: 415-274-0412

AGENDA

DOCUMENTS DEPT.
JUN 10 2005
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SF
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6/14/05

SPECIAL MEETING
2:00 P.M . CLOSED SESSION
3:00 P.M. OPEN SESSION
TUESDAY, JUNE 14, 2005

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk.

1. **CALL TO ORDER / ROLL CALL**

2. **APPROVAL OF MINUTES** - May 10, 2005 Meeting

3. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS. (Discussion and/or Action Items)

         a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 cases):

            - In re Pacific Gas and Electric Company, United States Bankruptcy Court, Northern District of California, San Francisco; Case No. 01 30923 DM.

Discussion and approval of settlement of litigation involving Port claim against PG&E in Bankruptcy Court, seeking payment for PG&E's use of Port property at PG&E's Hunter's Point Power Plant site, and related matters, all as described in the Staff Report for Port Agenda Item 7D. Proposed settlement of litigation upon terms described in the Staff Report and in the Settlement Agreement, which include Port promise to not disturb PG&E's use through at least January 1, 2008 and PG&E's payment of a total of $908,000 for the Plant property use; and Port approval of Licenses for PG&E's construction and use on Port property of a 115kv cable project. A copy of the proposed litigation settlement agreement is available for inspection with the Executive Secretary for the Port, pursuant to San Francisco Administrative Code Section 67.12(b)(3).

- Yeun Kiw Low v. City & County of San Francisco, San Francisco Superior Court Case 04-429325.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case as Plaintiff)

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

5. EXECUTIVE

A. Executive Director's Report

- June 17, 2005 (10 a.m. to 12 p.m.) – Presentation of the EDAW-SPUR Student Vision Plan for Pier 70 at the Ferry Building
- June 20, 2005 (10 a.m. to 5 p.m.) - The Urban Waterfront and the Public Trust: A Symposium on Law and Design @ UC Hastings College of the Law
- Port Maintenance Gardeners, Carolyn Adams and Tai Trang, awarded the Environmental Service Award at the San Francisco Urban Integrated Pest Management Conference
- Thursday Night Farmer's Market at the Ferry Building
- Update on Cruise Ship Discharge Report Program
- Update on the Status of USS Iowa
- Stormwater Management First Annual Report
- Cancellation of Regular Port Commission Meetings: June 28, 2005; July 12, 2005; and August 9, 2005

6. **CONSENT**

A. Request approval to issue a request for qualifications for master service agreements for inspection, maintenance and repair services for security, fire protection and fire alarm systems, pursuant to Administrative Code Section 6.65. (Resolution No. 05-33)

B. Request approval of Contract Modification through Change Order to Construction Contract No. 2698, Ferry Terminal TSA Security Enhancements Project. (Resolution No. 05-39)

7. **REAL ESTATE**

A. Request adoption of proposed monthly Parking Stall Rates for Fiscal Year 2005-2006. (Resolution No. 05-34)

B. Request approval of third amendment to management agreement with the Fisherman's Wharf Restaurant Association for the Triangle Parking Lot bounded by Jefferson Street, Taylor Street and the Embarcadero at Fisherman's Wharf. (Resolution No. 05-35)

C. Request approval of transfer of voting rights for the Community Benefit District in Fisherman's Wharf. (Resolution No. 05-36)

D. Resolution approving proposed settlement agreement between the Port and PG&E; approving California Environmental Quality Act (CEQA) findings for the Potrero Hunter's Point 115kv cable project; and approving two non-exclusive licenses for that project. (Resolution No. 05-37)

E. Informational Presentation on proposed Monthly Rental Rate Schedule for Fiscal Year 2005/2006.

8. **MARITIME**

A. Request approval of revisions to the five-year Non-Exclusive Management Agreement with Marine Terminals Corp. for management of the cargo terminal at Pier 80. (Resolution No. 05-38)

B. Informational Presentation regarding Hanson Aggregates purchase of Mission Valley Bode's share of Mission Valley/Bode Lease.

C. Informational Presentation regarding the proposed Hyde Street Harbor/Fisherman's Wharf Harbor Berth rate increases for Fiscal Year 2005-06.

D. Request approval of rate increase for Port Tariff #4. (Resolution No. 05-41)

9. ENVIRONMENTAL

A. Informational Presentation regarding environmental conditions at Heron's Head Park.

10. PLANNING & DEVELOPMENT

A. Public presentation and comment on a draft scope to conduct labor history research for Port historic resources that are the subject of major historic rehabilitation development projects.

B. Request approval of Revised Preferred Alternative Project for the Piers 27-31 project, per discussions with State Lands Commission staff. (Resolution No. 05-40)

C. Informational presentation on proposed legislation to change the height and bulk designations on Port Seawall Lots 324 and 322-1 (site of Embarcadero Hotel Project).

11. BUSINESS & FINANCE

A. Informational Update on the Port's Fiscal Year 2005-2006 Operating Budget.

12. NEW BUSINESS / AGENDA SETTING

- New Business

- Agenda Setting (Targeted Commission meeting, subject to change)

  - Request approval of amendment to Muni Bus Shelter Contract (July 26, 2005)
  - Request approval of contract modification to Contract No. 2693 Amador Street improvements (July 26, 2005)
  - Request approval of lease with Literacy for Environmental Justice at Heron's Head Park (July 26, 2005)
  - Request approval to advertise for competitive bids for As-Needed Engineering Services (July 26, 2005)
  - Request approval to issue an RFP for Fisherman's Wharf Gallery lease (July 26, 2005)
  - Request approval to issue an RFP for As-Needed Real Estate Advisors (July 26, 2005)
  - Request approval of resolution establishing salary for Port Executive Director for Fiscal Year 2005-2006 pursuant to Charter Section B3.581(h) (July 26, 2005)
  - Request adoption of Monthly Rental Rate Schedule for Fiscal Year 2005-2006 (July 26, 2005)
  - Request adoption of Hyde Street Harbor/Fisherman's Wharf Harbor Berthing Rate Increases for Fiscal Year 2005-2006 (July 26, 2005)
  - Request adoption of Port Leasing Procedure Policy (August 23, 2005)

- Evaluation of Shoreside Treatment of Wastewater and Water Quality Monitoring and Reporting at the James R. Herman International Cruise Terminal (August 23, 2005)
- Request approval of resolution urging the San Francisco State Legislation Committee and the San Francisco Board of Supervisors to urge Congress to ratify treaty provisions known as Annex VI Marpol and the United States Environmental Protection Agency to pursue the creation of a North America Sulfur Emission Control Area (August 23, 2005)
- Request approval of MOU with San Francisco Public Utilities Commission for Solar Project for Pier 96 (Date to be determined)
- Informational Presentation regarding design of Rincon Park Restaurants (Date to be determined)
- Informational presentation by BART on Earthquake Upgrades to the TransBay Tube at the Ferry Platform (Date to be determined)

13. PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

14. COMMUNICATIONS

Communications to the Port Commission received from May 5, 2005 to June 8, 2005:

- From Port Staff, invitation to the AAPA Commissioners Reception on May 18, 2005
- From California Fisheries & Seafood Institute, regarding AB749 (Leno)
- From Port Staff, Fiscal Year 2004/05 Budget Forecast
- From Port Staff, Monthly Sales & Rent Report (February 2005), Accounts Receivables (March 2005), Refunds and Allowances (March 2005) Leases Executive Pursuant to Port Commission's Leasing Policy (April 2005)
- From Port staff, Preliminary Draft of Embarcadero Parking and Transportation Study
- From Merylin Wong, Historic Ships Memorial at Pacific Square, invitation to the Vallejo Convention & Visitors Bureau's 14th Annual Tourism Luncheon and Board of Directors Installation on May 11, 2005
- From Merylin Wong, Historic Ships Memorial at Pacific Square, regarding Navy Ship Donation Program
- From June Osterberg, copy of the North Beach Journal
- From Sierra Club SF Bay Charter, copy of Sierra Club Yodeler article Piers 27-31
- From F. Van Kasper, regarding the Exploratorium
- From Marine Exchange, ballot for the Nominations & Elections Commission

- From SF Giants, invitation to Juan Marichal Statue Dedication on May 21, 2005
- From Bob Miller, Crab Boat Owners Association, regarding AB 749
- From SPUR, invitation to the World Waterfront Symposium on June 3, 2005
- From Monique Moyer, 2005 EDAW Internship Program, Pier 70 Redevelopment Vision Plan Workshops on June 8, June 13, and June 17, 2005
- From Senator Don Perata, Senate Bill 1024 - The Safe Facilities, Improved Mobility and Clean Air Act of 2005
- From Becky Evans of San Francisco Group Sierra Club, regarding Living Classroom at Heron's Head Park
- From Bay Area Air Quality Management District, invitation to the 50th Anniversary Symposium on June 20, 2005
- From Merylin Wong, postcard regarding USS Iowa's sister ship, USS Missouri
- From Port staff, proposed Board of Supervisors draft legislation imposing term limits and a new residency requirement for member of City boards and commissions; limiting hold-over appointments.
- From Bill Dunphy, regarding the USS Iowa

15. ADJOURNMENT

JUNE/JULY 2005
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
June 14	**2:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
June 28 Cancelled	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
July 12 Cancelled	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
July 26	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:
The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Cruise Terminal Environmental Advisory Committee generally meets the third week of each month. Date and time to be determined. Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Central Waterfront Advisory Group meets monthly on an as-needed basis generally on the 3rd Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paez @ 705-8674 or via email @ Mark_Paez@sfport.com.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tom Evans, Redevelopment Agency, at 749-2539 or tom.evans@sfgov.org for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets jointly with BCDC's Design Review Board on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. or the Committee meets as needed on the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625.

The Port Permit Appeals Committee meets regularly on the first Thursday of June and December of the year. For further information contact Ed Byrne at 274-0570 or Dan Hodapp at 274-0625.

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

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PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Qualifications to contractors for Master Service Agreements for as-needed inspection, maintenance and repair services for security, fire protection and fire alarm systems pursuant to Administrative Code Section 6.65.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO ISSUE A REQUEST FOR QUALIFIACTIONS FOR MASTER SERVICE AGREEMENTS FOR INSPECTION, MAINTENNACE AND REPAIR SERVICES FOR SECURITY, FIRE PROTECTION AND FIRE ALARM SYSTEMS, PURSUANT TO ADMINISTRATIVE CODE SECTION 6.65.

Introduction

Port staff requests Commission authorization to advertise a request for qualifications ("RFQ") to contractors for master service contracts concerning security, fire protection and fire alarm systems on Port property under Administrative Code Chapter 6.65.

Background

During the past year, the Port has formed a fire protection workgroup to work with the Fire Department in identifying areas in the Port's fire protection systems that need repair or upgrading. This interdisciplinary workgroup has included the Port Fire Marshal and representatives from the engineering, maintenance and real estate divisions.

The fire protection group has focused upon the prioritization of properties for corrective action, time frames for repairs, and developing scopes of work. The workgroup has accomplished the following actions:

This Print Covers Calendar Item No. **6A**

- Addressed urgent deficiencies such as inadequate water supply situations.
- Through Purchasing, procured services from an outside contractor, International Fire Equipment Inc., to evaluate automatic fire sprinkler systems for 5-year certification in certain multiple tenant facilities such as Pier 9.
- Sent letters to tenants requesting compliance with fire code requirements in their leaseholds so that the Port can obtain 5-year certification for automatic sprinkler systems.

The Port does not have the required staffing to perform all Port security system and fire protection system inspection, maintenance and repair work in a timely manner. The Port staff proposes to contract the security and fire protection system service work on an as-needed basis as permitted by Administrative Code Section 6.65.

Scope of Work

- Make required repairs to fire sprinkler systems, including replacing fire sprinkler heads which are corroded or painted, raising heads that had been lowered for suspended ceilings which have been removed, relocating heads which are now too close to a wall or whose spray pattern would not cover the required area, and additional services required to obtain a fully operational system and a 5-year certification.
- Repair and update fire alarm systems. Fire alarm systems need to be inspected, maintained and repaired in conformance with applicable code requirements. Improvements may also include adding flow or tamper switches, monitoring devices, notification devices, local alarm, and additional services required for system operation.
- Repair and maintenance of Port security systems.

Qualifications and Award Procedure for Master Agreement Contracts

Proposed methodology for awarding master agreement contracts:

1. Issue a request for qualifications (RFQ) to fire protection and security systems contractors. Contractor qualifications must include Class 16 or Class 10 License with at least five (5) years of relevant experience.

2. RFQ will be advertised to reach the contractor market through the following channels:
   - Human Rights Commission list of contractors
   - Human Resources Outreach list of contractors
   - Port Engineering list of contractors
   - Port Internet site
   - City Office of Contract Administration internet site
   - Plan Rooms (Builders Exchange, Contractors Information Network, etc.) 18 Total

3. A list of qualified service providers will be identified for the award of master service agreements, based upon criteria of experience, expertise, and quality of work.

4. Award master agreement contracts, on an "if-and-as-needed" basis to the qualified contractors who meet the minimum criteria. Master agreements shall provide for a term of not more than five years from the date of award, including all modifications.

5. For performance of specific tasks, the Port will seek price quotations, if possible, from at least three service providers with master agreements.

6. For specific work tasks the Port will issue a contract service order to the provider submitting the lowest price quotation, except as otherwise provided by Administrative Code Section 6.65.

7. Chapter 14A Requirements will be applied during the agreement and for the award of specific tasks. A 15% DBE subcontractor participation goal anticipated for each master agreement and 10% bid discount will apply to all San Francisco DBE bids.

Funding

The fire protection service and maintenance work will be funded by the following FY 04-05 Capital Projects

CPO 758 Fire Sprinkler Project	$ 96,550
CPO 761 Utilities Project	$ 53,450
Total	$150,000

Funding listed above is for the identified work. As the need arises for the services, additional funding sources will be identified. The Port staff will manage bidding, contractual arrangements and applications of payment so that accounting is appropriately allocated to the respective capital funding sources.

Proposed Schedule

Port staff request Commission authorization to enter into these master services agreements. Staff anticipates issuing contract service orders for repair work and certification of fire protection systems upon execution of a minimum of three master service agreements. As the construction documents are now nearly complete, Port staff requests authorization from the Commission to issue an RFQ for master service agreements for inspection, maintenance and repair work for security, fire protection and fire alarm systems located on Port properties.

Prepared by: Mabal Bhat
Senior Engineer, Utilities

For: Edward F. Byrne,
Chief Harbor Engineer

PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for Authorization For Contract Modification Through Change Order to Construction Contract No. 2698, Ferry Terminal TSA Security Enhancements Project

DIRECTOR'S RECOMMENDATION: AUTHORIZE CONTRACT MODIFICATION THROUGH CHANGE ORDER TO CONTRACT NO. 2698, FERRY TERMINAL TSA SECURITY ENHANCEMENTS PROJECT, INCREASING THE SCOPE OF WORK

Introduction

Port staff requests that the Commission authorize the execution of a contract modification for an additional $34,597 and granting a 38 day time extension for additional scope of Work for construction Contract No. 2698, Ferry Terminal Security TSA Enhancements. This proposed modification will be accomplished through a Change Order to the contract. Authorization is required because the cost of the change order will increase the contract sum in excess of 10 percent of the existing contract amount.

The proposed change order will allow additional work consisting of the installation of six (6) vehicular bollards on the South Promenade adjacent to the Ferry Terminal Gate E. Port staff has identified these bollards as major deterrents to terrorist vehicular attacks. Sufficient funding for this work exists within the TSA grant, which, if not expended, must be returned.

Background

The Port Commission, at its meeting on February 22, 2005, authorized the award of construction Contract No. 2698, Ferry Terminal TSA Security Enhancements Project, to Angotti & Reilly, Inc. as the lowest responsive, responsible bidder, for the amount of $159,805, and further authorize staff to increase the contract amount by 10%, or $15,981 for unanticipated contingencies. The project scope included fabrication and installation of new

This Print Covers Calendar Item No. 6B

security gates with automatic closers / openers, infill panels and all related electrical work on Ferry Terminals B and E. In addition, the scope included the installation of five (5) vehicular bollards on the North Promenade near the North West corner of the Ferry Building. At the February meeting, the Commission noted that the Port had received more grant money than it was awarding to the Contractor. Subsequently, Port staff revisited the Project design. As a result, we have determined that the unallocated grant funds should be used to install bollards south of the Ferry Building. The proposed change order will allow the installation of six (6) vehicular bollards on the South Promenade adjacent to Ferry Terminal Gate E. The change order also provides an additional 38 days to complete the added work.

Thereafter, Port staff issued a Notice to Proceed on May 4, 2005. Shop drawing development and material procurement is currently in progress. Final completion is scheduled for August 22, 2005.

Funding

The total grant funding from the Transportation Security Administration (TSA), U.S. Department of Homeland Security, for the project is $225,000. $8,000 has been expended on design engineering services leaving the project funding at $217,000. Staff intends to allocate the grant funding as follows:

Expenditures approved by Port Commission February 22, 2005:

Construction contract base amount	$139,000
Additive alternative bid item 1 (five (5) bollards on North Promenade)	$20,805
Total approved	$159,805

Additional Expenditure for six (6) bollards requested June 14, 2005:

Additional scope (six (6) bollards on South Promenade)	$34,597

Total authorization plus additional requested expenditure:

Total approved (February 22, 2005)	$159,805
Total additional requested expenditure	$34,597
Sub-Total	$194,402
Contingency (10%)	$19,440
Total	$213,842

Summary

Port staff recommends that the Commission authorize the award of a change order for additional scope of Work for construction Contract No. 2698, Ferry Terminal TSA Security Enhancements Project, for the amount of $34,597 and 38 days time extension, and further authorize staff to increase the contract amount as necessary by 10%, or $19,440, for unanticipated contingencies. Staff also recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Kim von Blohn, Project Manager for
Edward F. Byrne, Chief Harbor Engineer

PORT OF SAN FRANCISCO

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-39

WHEREAS, the Port Commission previously authorized the award of the construction contract, Ferry Terminal TSA Security Enhancements, Contract No. 2698, to Angotti & Reilly at its meeting on February 22, 2005; and

WHEREAS, the project cost will be fully funded with funds from the Transportation Security Administration (TSA), U. S. Department of Homeland Security; and

WHEREAS, it is desirable and appropriate to modify the contract by change order, to increase the contract amount by $34,597, to provide for additional related project work and extend the contract completion date by 38 days, as recommended by Port staff in the memorandum accompanying this resolution; and

WHEREAS, the available TSA project funding is sufficient to cover the cost of the change order; now therefore, be it

RESOLVED, the San Francisco Port Commission hereby authorizes Port staff to modify the contract by change order to construction Contract No. 2698, for the Ferry Terminal TSA Security Enhancements Project, increasing the contract amount by $34,597 resulting in a revised contract amount of $194,402, and granting a 38 day extension for contract completion; and be it further

RESOLVED, the San Francisco Port Commission authorizes Port staff to increase the contract amount, as necessary, for unanticipated contingencies by an additional $19,440 (10% of $194,402) through contract modification(s) or change order(s); and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 14, 2005.

_____

Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of the adjustment to the Monthly Parking Stall Rate Schedule for Fiscal Year 2005-2006

DIRECTOR'S RECOMMENDATION: APPROVAL OF NEW MONTHLY PARKING RATE SCHEDULE

BACKGROUND

The Port operates a number of parking facilities where it rents individual parking stalls on a monthly basis (322 stalls). A map is attached that shows the location of those facilities at which the Port currently offers this monthly parking. On May 1, 1999, the Port Commission approved a new Monthly Parking Stall Rate Schedule by Resolution No. 99-32. This Monthly Parking Stall Rate Schedule was approved by the Port Commission with the understanding that Port staff would periodically present to the Port Commission for its review and approval revised rate schedules for this monthly parking. The Executive Director now desires to have the Monthly Parking Stall Rate Schedule reviewed and approved annually by the Commission on a fiscal year basis. Accordingly, staff herein presents this Monthly Parking Stall Rate Schedule for fiscal year 2005-2006 for the Commission's review.

Port staff recently conducted a survey of comparable parking facilities in the vicinity of the Port property where the Port rents monthly parking stalls (Exhibit C, attached). The survey determined that the monthly parking stall rates for Port facilities are significantly below current market rates by as much as 30%.

THIS PRINT COVERS CALENDAR ITEM NO. 7A

PROPOSAL

Port staff recommends that the Port Commission approve new monthly parking rates as shown on the proposed Parking Stall Rate Schedule, attached as Exhibits A & B. The new rate schedule indicates by facility the current monthly parking stall rates and the proposed new monthly parking stall rates. The increases average approximately $65 per month. Please note that this schedule indicates the parking rates charged to parking permittees which includes the 25% parking tax imposed by the City.

Minimal increases are proposed for the parking in Pier 45, Shed C, SWL 302, and Wharf J3 because these facilities support the fishing industry including sport fishing, fish wholesalers and processors. The stall rates were set for the fishing industry support use based upon a market survey conducted by Port staff to establish the rental rates for the fishing industry facilities at Pier 45, attached as Exhibit D. Port staff has concluded these rate increases are appropriate for this use, and should be increased at this time.

Additionally, Port staff recommends that the Executive Director be authorized to grant discounts of up to 10% for entities leasing ten or more parking spaces. Port staff further recommends that the Executive Director also be given the authority to grant discounts of up to 20% for individual parking stalls which are less desirable than other stalls due to their configuration or location within a facility.

It should be noted that the proposed Parking Stall Rate Schedule applies only to the parking facilities that the Port directly operates on a monthly basis. It will not apply to parking facilities which are leased entirely to an independent parking concessionaire. The rent paid to the Port for such concessions are established through a competitive bidding process. Also, this rate schedule will not apply to parking lots that are leased to retail businesses on Port property for use by their customers and/or employees. The minimum new rental rates for such facilities are established by the Leasing Parameters set by the Port Commission. Finally, this schedule will also increase the parking rates charged to Port employees as follows:

- Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking: One automobile space at Pier 50 or at jobsite provided at no charge. The vehicle must be used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.).

- Parking at Seawall Lot 324 (Broadway at Embarcadero): Parking available for one employee vehicle used for commuting at the equivalent cost of a MUNI FastPass plus $10 and adjusted for any future FastPass increases. (The proposed increase is $8.12. FastPass are priced at $45.00.)

- Parking at Seawall Lot 351 (Washington at Embarcadero) and Pier 1/2: For employees who have been granted a reasonable accommodation under the Americans with Disabilities Act: at the equivalent cost of a MUNI FastPass.

- Pier ½ for Executive Director and One Commissioner: $100.

- Pier 15/17 for Meter Shop Employees Only: No charge for one vehicle used by employee for commuting (no boats, trailers, three-axel vehicles, etc.).

- Please note that these rates include the 25% parking tax imposed by the City.

FINANCIAL IMPACT

The annual Monthly Parking Stall revenue is $246,408. The proposed Rate Schedule will increase the annual revenue to $412,128, an increase of $165,720.

ANALYSIS

The proposed Parking Rate Schedule will increase stall rates to levels comparable with market rates at surrounding parking facilities. In addition to providing increased parking revenues to the Port, the new rate schedule enhances the Port's management of parking stalls along the waterfront by discouraging long term commuter parking and encouraging use of transit and other modes of travel.

RECOMMENDATION

Port staff recommends that the Commission approve the adjustment to the Monthly Parking Rate Schedule for fiscal year 2005-2006.

Prepared by: Jeffrey A. Bauer, Senior Commercial Leasing Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-34

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Port staff has conducted a market survey of non-Port monthly parking stalls in the vicinity of Port operated monthly parking stalls; now therefore be it

RESOLVED, the Port Commission hereby approves the Parking Stall Rate Schedule set forth in Exhibit A attached to this Resolution, and authorizes the Port Executive Director to negotiate discounts of up to 10% for entities leasing ten or more stalls and to negotiate discounts of up to 20% for individual stalls whose configuration or location within a facility make the individual stalls less desirable than other parking stalls in the same facility.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 14, 2005.

_____
Secretary

EXHIBIT A

PORT OF SAN FRANCISCO
MONTHLY PARKING STALL RATE SCHEDULE
FY 2005-06

Facility	Number of stalls	Current Monthly Rate			Proposed Monthly Rate			Last Adjusted Date
		Rent	Parking Tax	Total Charge	Rent	Parking Tax	Total Charge	
Agriculture Building, Tenant Parking	4	$160.00	$40.00	$200.00	$280.00	$70.00	$350.00	4/1/05
Pier 9, Shed Parking	27	$156.00	$39.00	$195.00	$240.00	$60.00	$300.00	8/1/99
Pier 45, Shed C, Commercial Tenant Parking	2	$152.00	$38.00	$190.00	$240.00	$60.00	$300.00	5/1/03
Pier 9, Marginal Wharf Parking	2	$140.00	$35.00	$175.00	$220.00	$55.00	$275.00	8/1/99
Piers 15/17, Marginal Wharf Parking	22	$140.00	$35.00	$175.00	$220.00	$55.00	$275.00	8/1/99
Seawall Lot 303, Commercial Tenant Parking	2	$80.00	$20.00	$100.00	$220.00	$55.00	$275.00	11/1/03
Wharf J3, Commercial Tenant Parking	3	$52.00	$13.00	$65.00	$220.00	$55.00	$275.00	7/1/03
Pier 9, Tandem Shed Parking	1	$124.80	$31.20	$156.00	$192.00	$48.00	$240.00	8/1/99
Seawall Lot 303, Restaurant Tenant Parking	5	$80.00	$20.00	$100.00	$140.00	$35.00	$175.00	11/1/03
Wharf J3, Restaurant	12	$52.00	$13.00	$65.00	$140.00	$35.00	$175.00	7/1/03
Seqwall Lot 302, Restaurant Tenant Parking	12	$52.00	$13.00	$65.00	$140.00	$35.00	$175.00	8/1/03
Pier 96, Truck Parking	46	$100.00	$25.00	$125.00	$100.00	$25.00	$125.00	3/1/05
Pier 50, Shed C	40	$0.00	$0.00	$0.00	$100.00	$25.00	$125.00	new
Fishing Industry Parking:								
Seawall Lot 302 Sport Fishing Parking	4	$68.00	$17.00	$85.00	$84.00	$21.00	$105.00	8/1/03
Pier 45, Shed C, Fish Processors Parking	57	$36.00	$9.00	$45.00	$52.00	$13.00	$65.00	1/1/97
Wharf J3, Fish Processors Parking	21	$36.00	$9.00	$45.00	$52.00	$13.00	$65.00	2/1/02

Effective date: July 1, 2005

EXHIBIT B

PORT OF SAN FRANCISCO
MONTHLY PARKING STALL RATE SCHEDULE
FOR EMPLOYEES
FY 2005-06

Facility	For	Number of stalls	Current Monthly Rate			Proposed Monthly Rate		
			Rent	Parking Tax	Total Charge	Rent	Parking Tax	Total Charge
Pier 1/2	Executive Director & one Commissioner	2	$0.00	$0.00	$0.00	$80.00	$20.00	$100.00
	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	2	$0.00	$0.00	$0.00	$36.00	$9.00	$45.00 *
Seawall Lot 324	Employees assigned to Pier 1; parking available for one employee vehicle used for commuting	60	$37.50	$9.38	$46.88	$44.00	$11.00	$55.00 **
Seawall Lot 351	Employees who have been granted a reasonable accommodation under the Americans with Disabilities Act	2	$0.00	$0.00	$0.00	$36.00	$9.00	$45.00 *
Pier 50 or at jobsite	Employees assigned to Pier 50 or whose collective bargaining agreement allows for free parking; one automobile space for vehicle used by the employee for commuting (no boats, trailers, three-axle vehicles, etc.)		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Effective date: July 1, 2005

* Equivalent to the cost of a MUNI FastPass. Will be adjusted correspondingly to future FastPass increases.

** Equivalent to the cost of a MUNI FastPass plus $10. Will be adjusted correspondingly to future FastPass increases.

EXHIBIT C

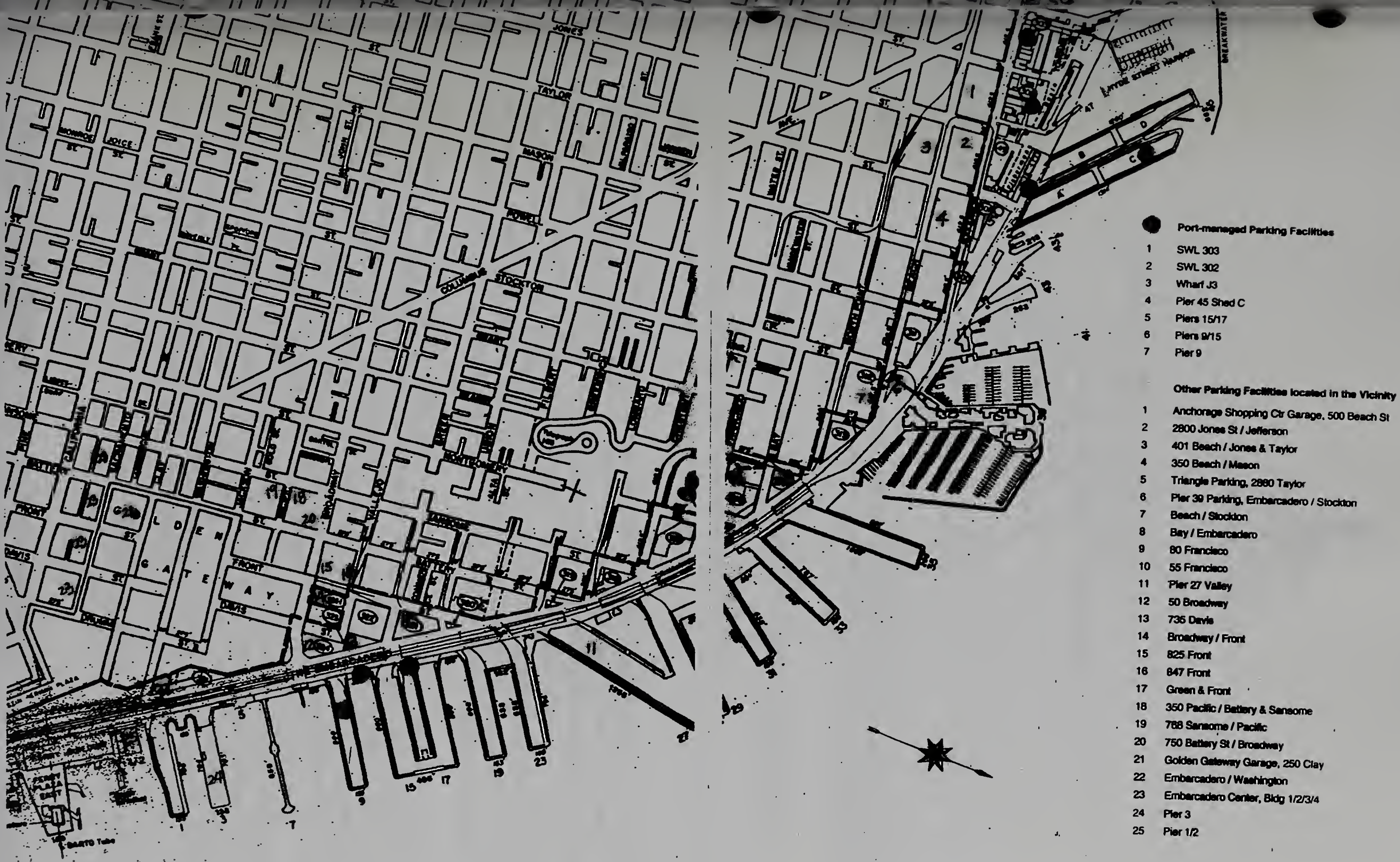
PARKING RATES SURVEY
(As of December 3, 2004)

	Location	Operator	Phone #	Monthly Parking						Daily Parking Rate	Hourly Parking Rate	Covered / Uncovered
				Reserved	Non-reserved	In/Out Privilege	Vacancy	Days / Week	Hour			
1	Anchorage Shopping Center Garage 500 Beach St	Ace Parking	673-7762	$275	$170	Yes	Yes	7 days	24 hours	$35	$5 /hr	Covered
2	2800 Jones St / Jefferson	Wharf Property, Inc		--	--	--	--	7 days	9 a.m. - mid night	$10 Mon - Fri $15 Sat - Sun	$2 /30 min	Uncovered
3	401 Beach / Jones & Taylor	Nunzio Corp		--	--	--	--	7 days	6 a.m. - 10 p.m.	$6 Mon - Thu $15 Fri - Sun	--	Uncovered
4	350 Beach / Mason	Imperial Parking	227-0114	--	$110	Yes	Yes	7 days	24 hours	$12	$1 /15 min	Covered
5	Triangle Parking 2860 Taylor / Jefferson	City Parking		--	--	--	--	7 days	8 a.m. - 2 a.m.	$28	$2 /30 min	Uncovered
6	Pier 39 Parking Embarcadero / Stockton	Ampco System Parking	705-5417		$195	Yes	Yes	7 days	24 hours	$39	$6 /hr	Covered
7	Beach / Stockton	Super Parking		--	$250	No		7 days	8 a.m. - mid night	$20	--	Uncovered
8	Bay / Embarcadero	Central Parking	277-0400	--	--	--	--	7 days	24 hours	$11	--	Uncovered
9	80 Francisco	Ace Parking	956-2174	$260	$210	Yes	Yes	7 days	24 hours	$14	$2 /15 min	Covered
10	55 Francisco	Ace Parking	398-0208	$260	$210	Yes	Yes	7 days	24 hours	$12 for 12 hrs $24 overnight	$2 /20 min	Covered
11	Pier 27 Valley	Central Parking	277-0400	--	$175	Yes	Yes	7 days	24 hours	$11	--	Uncovered
12	50 Broadway	Central Parking	277-0400	--	$240	Yes	Yes	Monday - Friday	24 hours	$13	--	Uncovered
13	735 Davis	West Coast Parking	408-592-3063	--	$200	No	No	7 days	7 a.m. - 6 p.m.	$12 Mon - Fri $5 Sat - Sun	--	Uncovered
14	Broadway / Front	Pacific Park	440-2099	--	$240	Yes	No	7 days		$13	--	Uncovered
15	825 Front	West Coast Parking	408-592-3063	--	$200	Yes	No	7days	6 a.m. - 6 p.m.	$12 Mon - Fri $5 Sat - Sun	--	Uncovered
16	847 Front	California Parking	468-4860	$299.50	$259.50	Yes No	Yes	Monday - Friday	6 a.m. - 8 p.m.	$14	$2.50 per 30 min	Covered
17	Green & Front	Central Parking	277-0400	--	$250	Yes	Yes	7 days	24 hours	$14	--	Uncovered
18	350 Pacific / Battery & Sansome	Central Parking	277-0400	--	$265	Yes	Yes	7 days	6 a.m. - 6 p.m.	$15	$2.50 per 20 min	Uncovered
19	768 Sansome / Pacific	California Parking	468-4860	$395	$345	Yes No	Yes	7 days	24 hours	$20	$2.50 per 20 min	Uncovered
20	750 Battery St / Broadway	Ampco System Parking	956-8148	$300		Yes	No	Monday - Friday	7 a.m. - 7 p.m.	$27	$2.50 per 20 min	Covered
21	Golden Gateway Garage 250 Clay / Battery & Front	Five Star Parking	433-4722	$395	$350	Yes	Yes	7 days	5 a.m. - 6:30 p.m.	$30	Var.	Covered

PARKING RATES SURVEY
(As of December 3, 2004)

	Location	Operator	Phone #	Monthly Parking						Daily Parking Rate	Hourly Parking Rate	Covered / Uncovered
				Reserved	Non-reserved	In/Out Privilege	Vacancy	Days / Week	Hour			
22	Embarcadero / Washington	Ferry Bldg Market Place		--	--	--	--	7 days	8 a.m. - 8 p.m.	$50	$6 /hr	Uncovered
23	Embarcadero Center, Bldg 1/2/3/4	Ampco System Parking	772-0670	--	$380	Yes	Yes (Bldg 2)	7 days	24 hours	$27.50	$8.25 /hr	Covered
24	Pier 3	Hornblower Yachts	788-8866	--	$275	Yes	Yes	Monday - Friday	6 a.m. - 6 p.m.	$20 Mon - Fri $10 Sat - Sun	$5 /hr	Uncovered
25	Pier 1/2	Ferry Bldg Market Place		--	--	--	--	7 days	8 a.m. - 8 p.m.	$50	$6 /hr	Uncovered

HARBOR	COMMERCIAL FISHING PERMANENT RATES	COMMERCIAL FISHING TRANSIENT RATES	GEAR STORAGE RATES	RECREATIONAL PERMANENT RATE	RECREATIONAL TRANSIENT RATE	PARKING	UTILITIES	CONTACT INFO
Santa Cruz Harbor Santa Cruz	$8.75 lin. ft/mo	.50 ft/day	N/A	$8.75 ft/mo	.70 ft/day	2 free permits per berth holder	$35.00 mo electricity	831-475-6161 www.santacruzharbor.org
Ventura Harbor Ventura	$7.25 ft/mo	.50 ft/day	N/A	$8.55 ft/mo	$1.00 ft/day	free	So Cal Edison market rate + 2%	805-644-0169 www.venturaharbor.com
Monterey Harbor Monterey	$6.89 ft/mo	$20 per day	N/A	$7.48 ft/mo	$16.10 ft/mo .58 ft/day	berth holders $10 / mo public $32.50 / mo	no charge	831-646-3950 www.monterey.org/harbor
Jack London Square Oakland	$9.78 ft/mo	.55 ft/day	N/A	$9.78 ft/mo	.55 ft/day	$11.00 /day $78.00 /mo	.11 per kwh	510-834-4591
Pillar Point Harbor Half Moon Bay	$6.50 ft/mo	.50 ft/day	N/A	$6.60 ft/mo	.55 ft/day	free	PG&E market rates	650-726-5727 www.smharbor.com
Moss Landing Harbor Moss Landing	$5.56 ft/mo	.55 ft/day	N/A	$5.56 ft/mo	.55 ft/day	1 free space additional $20 /mo	no charge	831-633-5417 www.mosslandingharbor.dst.ca.us
Spud Point Harbor Bodega Bay	$5.19 ft/mo	.49 ft/day	N/A	$5.19 ft/mo	.49 ft/day	free	PG&E market rates	707-875-3535 www.sonoma-county.org/parks
Santa Barbara Harbor Santa Barbara	$3.55 ft/mo	.50 ft/day	N/A	$7.26 ft/mo	.60 ft/day	$65.00 per year	PG&E market rates	
Fisherman's Terminal Seattle	$3.45 ft/mo $103.50 minimum	.60 ft/day	.36 sq ft/mo	$6.75 ft/mo + 12.84% tax	.65 - $1.20 ft/day	free	Seattle City market rates	206-728-3395 www.portseattle.org
Woodley Island Marina Humbolt Bay	$3.45 ft/mo	.35 ft/day	N/A	$3.45 ft/mo	.35 ft/day	free	no charge	707-443-0801 www.portofhumboltbay.org
Morro Bay Harbor Morro Bay	$3.20 ft/mo	.60 ft/day	N/A	$5.50 ft/mo	.60 ft/day	free	no charge	805-772-6254 www.morro-bay.ca.us
Crescent City Harbor Crescent City	$3.08 ft/mo	.30 ft/day	N/A	$3.88 ft/mo	.46 ft/day	free	no charge	707-464-6174 www.ccharbor.com
Fisherman's Wharf San Francisco	$1.00 & $2.00 ft/mo	$5.00 per day	.10 - .20 ft/mo	$3.50 ft/mo	N/A	$10.00 per year	no charge	415-274-0513 www.sfport.com
Hyde Street Harbor San Francisco	$4.00 ft/mo	$10 per day < 50' $15 per day > 50'	.10 - .20 sq ft/mo	$12.00 ft/mo	$30 per day <50' $45 per day >50'	$31.25 /mo	no charge	415-274-0513 www.sfport.com


Port-managed Parking Facilities
1 SWL 303
2 SWL 302
3 Wharf J3
4 Pier 45 Shed C
5 Piers 15/17
6 Piers 9/15
7 Pier 9
Other Parking Facilities located in the Vicinity
1 Anchorage Shopping Ctr Garage, 500 Beach St
2 2800 Jones St / Jefferson
3 401 Beach / Jones & Taylor
4 350 Beach / Mason
5 Triangle Parking, 2880 Taylor
6 Pier 39 Parking, Embarcadero / Stockton
7 Beach / Stockton
8 Bay / Embarcadero
9 80 Francisco
10 55 Francisco
11 Pier 27 Valley
12 50 Broadway
13 735 Davis
14 Broadway / Front
15 825 Front
16 847 Front
17 Green & Front
18 350 Pacific / Battery & Sansome
19 768 Sansome / Pacific
20 750 Battery St / Broadway
21 Golden Gateway Garage, 250 Clay
22 Embarcadero / Washington
23 Embarcadero Center, Bldg 1/2/3/4
24 Pier 3
25 Pier 1/2
BREAKWATER
JONES
TAYLOR
MASON
POWELL
STOCKTON
COLUMBUS
FRONT
DAVIS
JOICE ST.
MONROE ST.
G O L D E N
G A T E W A Y

PORT OF SAN FRANCISCO

MEMORANDUM

June 8, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Susan Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Approval of Third Amendment to Management Agreement for Triangle Parking Lot bounded by Jefferson Street, Taylor Street and The Embarcadero at Fisherman's Wharf

DIRECTOR'S RECOMMENDATION: APPROVE THIRD AMENDMENT

Background

On November 22, 1994, the Port entered into Management Agreement No. L-12072 for the Triangle Parking Lot at Fisherman's Wharf with the Fisherman's Wharf Restaurant Association, Inc. ("Manager"). This Management Agreement replaced License Agreement No. 10610, dated May 25, 1982, with the Manager for the Triangle Parking Lot. The site of the Triangle Parking Lot is shown on the attached Exhibit A. Current members of the Fisherman's Wharf Restaurant Association include: Castagnola's, Tarantino's, Guardino's, The Crab House, Sabella LaTorre, Nick's Lighthouse, Alioto Fish Company, and Fisherman's Grotto.

The Management Agreement, which has been approved and ratified by the Port Commission, was not competitively bid because the Manager is a group of Wharf restaurants who are Port tenants. The Management Agreement, which is on a month-to-month term, provides that the Manager is responsible for management and supervision of the day-to-day operations of the Triangle Parking Lot. The Port at all times continues to exercise control over the Triangle Parking Lot and its parking operations. The Manager is required to contract with subcontractors for the operation of the Triangle Parking Lot, and the current parking operator -- City Parking Company ("Operator") -- is an MBE contractor that employs union labor. The Manager is paid a fee of $1.00 per month by the Operator, and the Operator retains $3,000.00 per month. Net receipts from the Triangle Parking Lot, after payment of parking taxes and operating expenses, are paid monthly by the Operator directly to the Port.

THIS PRINT COVERS CALENDAR ITEM NO. 7B

The Management Agreement also established the parking rates for the Triangle Parking Lot, and provides that these parking rates are subject to revision by resolution of the Port Commission. In March 2000 the Port Commission approved an adjustment of the maximum daily charge to $2.00 per half hour, with a maximum daily charge of $28.00. It also provides for three hours free parking with validation from a full service restaurant which is a member of the Fisherman's Wharf Restaurant Association and one hour free parking with validation from a crabstand that is a member of the Fisherman's Wharf Restaurant Association.

Amended Footprint

In October 2004 the parties entered into a Second Amendment that transferred approximately 2,250 sq. ft. of the Triangle Parking Lot to Boudin Properties for use as a construction lay-down area and an unspecified area for construction staging to facilitate the new Boudin Bakery and Restaurant at SWL 301. The intent was to reintegrate the transferred areas into the Triangle Parking Lot upon completion of construction. That project is now nearing completion. Boudin will repave and re-stripe the parking lot in anticipation of the integration, as required. This Third Amendment implements the original intent of the parties to reintegrate the Lot.

Amended Use

A separate matter is the disorganized, illegal, and unpaid vehicle parking in the common areas of Pier 45. The fish processors and their employees generally work from approximately 4:00 a.m. until early afternoon. Due to a lack of efficient alternatives, individuals generally drive to work and park in the common areas near their work sites. The density of parked employee vehicles results in a very crowed, inefficient, and hazardous situation for the commercial vehicles that serve the fish processors. Hit-and-run accidents and property damage are frequent.

Most of the fish industry leases state that no employee parking is included in the lease. They further state that if the Port provides for fish industry parking, said parking will be at the rate of $45.00 per vehicle per month.

Shared parking for uses with different time needs is recommended in the Waterfront Land Use Plan. The Fisherman's Wharf Waterfront Advisory Group and the Fisherman's Wharf Restaurant Association support allowing fish industry employees to park in the Triangle Parking Lot as long as they are out by late morning. The current Management Agreement, however, does not allow monthly parking in the Lot. This Third Amendment implements those recommendations and allows monthly parking solely for fish industry employees.

The Triangle Parking Lot Operator and Manager agree that the Triangle Parking Lot can accommodate authorized fish industry employee parking from approximately 4:00 a.m. until 11:00 a.m. every day that they report to work. The Port will provide the Manager with a list of fish industry employees who are eligible for this reduced parking rate. The Manager will work out a system of identifying and billing these vehicles. During these hours other parked personal

vehicles may be removed from the Pier 45 common areas at the Port's discretion. At 11:00 a.m. the fish industry employees will remove their vehicles from the Triangle Parking Lot in order to accommodate restaurant patrons.

Recommendation

Amend Triangle Parking Lot Lease as follows:

1. Reintegrate the former Boudin construction staging and lay-down areas into the Triangle Parking Lot Management Agreement, and

2. Amend Triangle Parking Lot Lease to allow monthly parking for eligible fish industry employees to park in the Lot from approximately 4:00 a.m. until 11:00 a.m. on the days they report to work at the current contract rate of $45.00 per vehicle per month. This rate may be adjusted with the renewals of the fish industry leases at rates approved by the Port Commission.

Prepared by Claudia Davison, CPM®
Commercial Property Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-35

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the parking lot located in Fisherman's Wharf generally known as the Triangle Parking Lot is within the Port's jurisdiction; and

WHEREAS, the Port entered into Management Agreement No. L-12072 for the Triangle Parking Lot with the Fisherman's Wharf Restaurant Association, Inc. ("FWRA") on November 22, 1994; and

WHEREAS, the Port entered into an amendment to Management Agreement No. L-12072 with FWRA in October 2004 that transferred certain areas of the lot to a Port tenant for construction staging and laydown (as amended, the "Management Agreement"); and

WHEREAS, the parties had intended to reintegrate the transferred lands into the Triangle Parking Lot upon completion of construction; and

WHEREAS, the Port's tenant has completed its construction project and relinquished use of the transferred parcels; and

WHEREAS, FWRA desires, and Port staff agrees, to have the Port restore the Triangle Parking Lot to its original condition by reintegrating the transferred parcels; and

WHEREAS, as a separate issue, fish processing employees create an unsafe and inefficient situation at Pier 45 by parking their cars near their work sites due to the unavailability of alternative parking or transportation; and

WHEREAS, the Management Agreement prohibits the use of the Triangle Parking Lot for monthly parking; and

WHEREAS, Port staff believes that authorizing employee parking at the Triangle Parking Lot from approximately 4:00 a.m. to 11:00 a.m. daily will help alleviate the unsafe conditions at Pier 45 and recommends the Port Commission authorize such use by approving the proposed Third Amendment to Management Agreement on file with the Commission Secretary; and, now therefore be it

RESOLVED, the Port Commission, based on staff's recommendation and its own review and consideration, hereby authorize the (1) reintegration of the previously transferred parcels into the Triangle Parking Lot as described in the Staff Memo dated June 8, 2005 ("Staff Memo") and (2) use of the Triangle Parking Lot for fish processing employee parking as outlined in the Staff Memo; and further be it

RESOLVED, that the Port Commission hereby approves the Third Amendment to the Management Agreement on file with the Commission Secretary; and further be it

RESOLVED, that the Port Commission hereby authorizes and directs the Executive Director, or her delegee, to execute the Third Amendment to the Management Agreement in substantially the same form as on file with the Commission Secretary, with any non-material changes to such form as shall be approved by the City Attorney's Office.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 14, 2005.

_____
Secretary

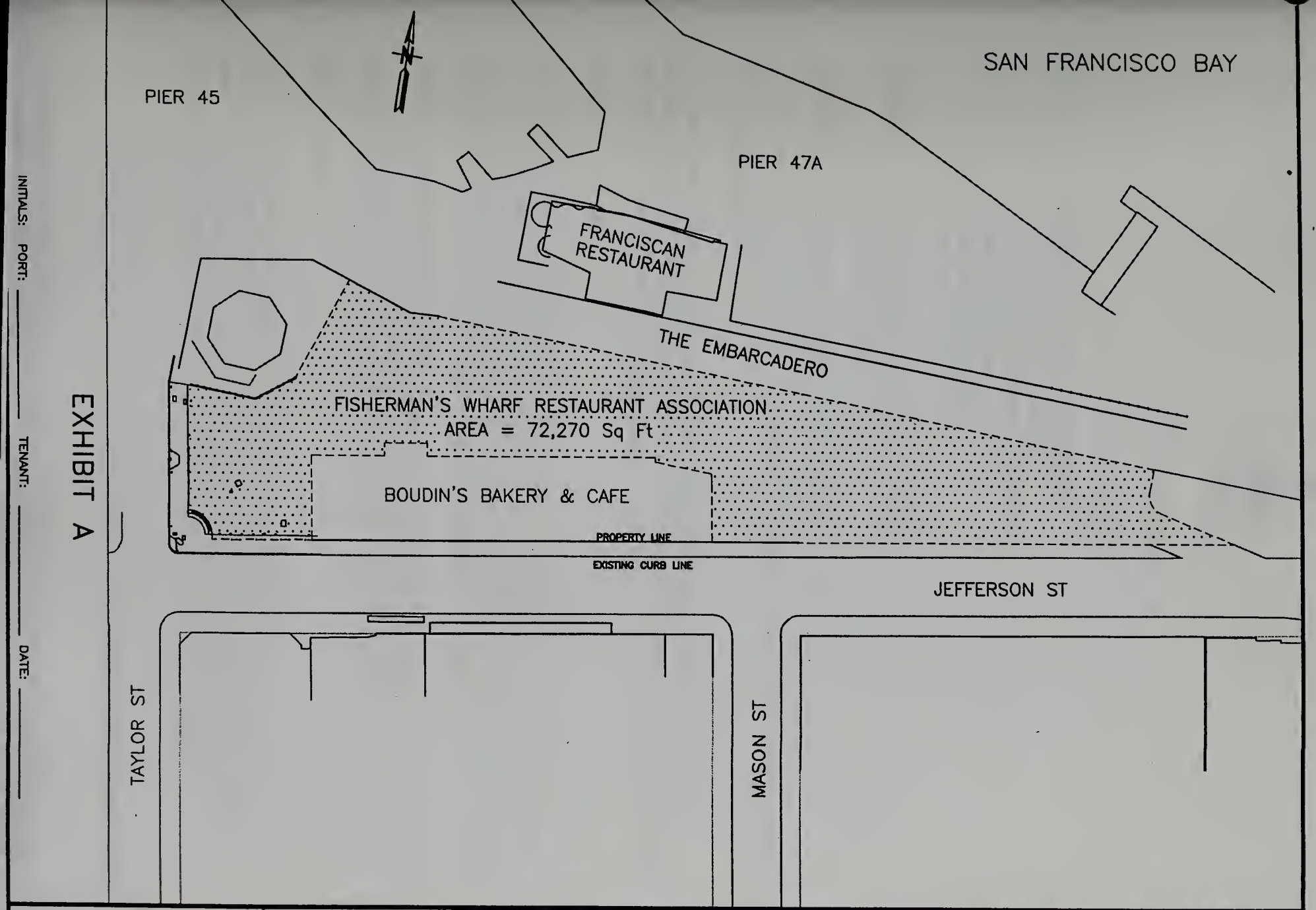


EXHIBIT A

INITIALS: PORT: _____ TENANT: _____ DATE: _____

LEASE NO. L-12072	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT THIRD AMENDMENT FISHERMAN'S WHARF RESTAURANT ASSOCIATION	DRAWN BY: ECC; DATE: FEB 15, 2005 CHECKED BY: C. DAVISON; SCALE: 1" = 100' PLACE CODE NO. 3010-00 SHEET NO. 1 OF 2 SHEETS

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PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Fisherman's Wharf Community Benefits District

REQUESTED ACTION

Delegate Commission voting rights in the formation of a proposed Fisherman's Wharf Community Benefit District for Parcel Number 0015 001 at 1789 The Embarcadero, known as the Pier 39 Garage, to Pier 39 Ltd. Partnership.

INTRODUCTION

As reported by the Executive Director at the January 11, 2005 Port Commission meeting, the Fisherman's Wharf Association has initiated an effort to establish a "Community Benefit District" (CBD) pursuant to local law to fund a variety of activities and improvements to benefit the Fisherman's Wharf community, including properties under Port jurisdiction.

Port staff were briefed on this effort in December, 2004. Since that time, staff have participated in preliminary discussions with the City Attorney and Fisherman's Wharf CBD proponents regarding the manner in which such districts might operate on Port property.

STATE LAW

The California Streets and Highways Code (Part 7, Section 36600 et seq.) authorizes local jurisdictions to enact Property or Business Improvement Districts (PBID) to fund "business-related improvements, maintenance and activities through the levy of assessments upon the businesses or real property that benefits from those improvements" (Section 36601, Declarations).

This Print Covers Calendar Item No. 7C

PBIDs may fund a variety of physical (capital) improvements such as parking facilities, benches, trash receptacles, restrooms, lighting, parks, and public right-of-way improvements. PBIDs may also fund activities such as promotion of public events, promotion of tourism within the district, marketing and economic development, and enhanced services such as security, sanitation, graffiti removal, street and sidewalk cleaning.

Such assessment districts are typically initiated through a petition process by affected property or business owners and development of a proposed management plan describing proposed district operations. According to state law, such management plans must contain the following:

1. A district map with parcel information;

2. A description of the boundaries of the district, including the boundaries of any *benefit zones*[1];

3. The improvements and activities proposed for each year of operation and related costs;

4. The proposed annual budget for improvements, maintenance and operations, and debt service in each year of operation of the district;

5. The proposed source or sources of financing including the proposed method of levying the assessment in sufficient detail to allow each property or business owner to calculate their proposed assessment and a statement of whether bonds will finance improvements;

6. The time and manner of collecting the assessments;

7. The duration of assessments and proposed time for completion of the district plan; and

8. A list of the properties or businesses to be assessed and a statement of the method(s) by which expenses will be imposed upon properties or businesses, in proportion to the benefit received by the property or business.

Successful PBID petition efforts lead to a public hearing and a vote of a local city council to approve the District. City councils, in approving such districts, may modify proposed assessments and the types of improvements and activities to be funded with the revenues from the assessments. The public hearing regarding District establishment may also include a vote approving the PBID by affected property or business owners, with votes weighted according to proposed assessments or other factors.

LOCAL LAW

In March of 2004, Supervisor Peskin authored local legislation enabling neighborhood commercial areas to more easily band together to form "Community Benefit Districts", a local variant of Property and Business Improvement Districts. Supervisor Peskin's legislation passed and was signed into law by the Mayor.

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[1] PBIDs are designed to accommodate different service needs and levels through *benefit zones* within the PBID, which are areas with different sets of programs or projects and annual assessments adjusted to reflect actual service levels.

Supervisor Peskin's legislation made the following major changes to law:

1. easing the CBD formation process by allowing a weighted thirty percent (30%) of business or property owners to petition the Board of Supervisors for District formation (formerly 50%);
2. allowing CBDs to be formed for fifteen (15) years (rather than five years with a ten year extension authorized by state law); and
3. allowing CBDs to include both commercial and residential properties.

Note that while state law contemplates that a majority petition effort coupled with an affirmative vote of a city council may be sufficient to form a PBID, local law requires:

1. a petition signed by 30% of affected property or business owners (on a weighted basis);
2. approval by the Board of Supervisors; and
3. a majority vote of affected property or business owners (on a weighted basis).

PROPOSED FISHERMAN'S WHARF COMMUNITY BENEFIT DISTRICT

The Fisherman's Wharf Association, in consultation with surrounding businesses and Supervisor Peskin's Office, is pursuing a Community Benefit District for the Fisherman's Wharf area. From December to April, representatives of the Fisherman's Wharf Association held a series of community forums and meetings to discuss the idea.

Initially, organizers planned to incorporate much of the Port's property from Hyde Street Harbor to Pier 39 in the proposed district. Port staff and District organizers discussed this prospect with the City Attorney and determined that such a district could be complicated by the Port's role as public trust grantee. The main identified problem was that with a *property-based* district (such as that proposed), liens are the mechanism for collection of past-due assessments. Such liens are not an appropriate collection method for public trust property. Due to this problem, District organizers decided to:

1. exempt the bulk of Port property from the proposed District; and
2. consider establishment of a companion *business-based* assessment district consisting of Port tenants at a later date (as described below).

District planning culminated with publishing of the Fisherman's Wharf Community Benefit District Management Plan (the "Plan") on May 3, 2005 (Attachment A). The Plan defines proposed District boundaries, proposed services, a proposed budget and a proposed assessment methodology. The proposed boundaries include Port-owned property at 1789 The Embarcadero, under lease to Pier 39 Ltd. Partnership pursuant to lease L-9707 for use as a garage.

The proposed budget for the District's first year of operations is $591,485, with CPI adjustments not to exceed 5% thereafter. Proposed services include:

1. Public Right of Way and Sidewalk Operations, including sidewalk cleaning, beautification, graffiti removal, landscaping, litter removal, maintenance, and security;
2. District Identity and Streetscape Improvements/Marketing and Promotions, including special events, marketing, pedestrian kiosks and wayfinding, walking map, historical markers and public art;

3. Administration, including staff, insurance and office related expenses; and
4. Contingency Reserve.

Page 7 of Attachment A contains a map of the proposed district.

While the Plan exempts much of Port property, it does contain a requirement the Port businesses form a *business-based* assessment district on or before December 31, 2006 and generate at least $50,000 annually to fund similar marketing services or the proposed Fisherman's Wharf CBD will expire as of June 30, 2007. Such a business-based assessment district would not rely on liens as a collection method for delinquent assessments and will instead include an alternate collection methodology in any plan approved by the Board of Supervisors. The Fisherman's Wharf Association has recently petitioned the Port of San Francisco to assist with the formation of a business-based assessment district among Port tenants.

In late April, the Fisherman's Wharf Association petitioned affected property owners, including the Port of San Francisco, to determine if there was threshold interest. Port staff, absent Commission direction, did not participate in the petition process. More than 30% of affected property signed the petition, which was then submitted to the Board of Supervisors. Port staff did not have policy direction from the Commission with regard to the single piece of property in the district under the Port's jurisdiction. As a result, no Port tenants participated in the survey.

Supervisor Peskin introduced a Resolution of Intent (BOS File No. 050878) to form a Fisherman's Wharf Community Benefit District (Attachment B) which was recommended for adoption by the Board of Supervisor's Government Audit and Oversight Committee and unanimously adopted by the full Board of Supervisors on June 7, 2005.

PROPOSED CBD FORMATION PROCESS AND TIMELINE

April 2005	Deliver CBD petitions signed by property owners who would pay 30% of assessment costs to Mayor. Mayor forwards a CBD Resolution of Intent to the Board of Supervisors. Assuming adoption by BOS, there is a 45-60 day window for balloting among property owners (completed).
June 2005	Mail ballots.
July 2005	Public hearing at the Board of Supervisors (conducted by the Clerk) to determine ballot results.
July-January 2006	If balloting is successful, establish non-profit 501(c)(3) management corporation to run CBD.
January 2006	Begin collecting assessments and operating District.

COMMISSION POLICY CONSIDERATIONS

Assessor Parcel Number 0015 001 – 1789 The Embarcadero

According to the Plan and the petition sent to the Port, the proposed assessment for 1789 The Embarcadero is $13,246.83, representing 2.23% of the total proposed budget for the proposed District.

Lease L-9707 with the Pier 39 Ltd. Partnership contains Article IV, Payment of Taxes and Assessments. This Article clearly spells out the Tenant's responsibility to pay all taxes or assessments related to the premises.

Article IV also permits the Tenant's rights to contest such taxes or assessments and requires the Landlord to cooperate in any such proceedings contesting taxes or assessments.

Voting Rights

According to the City Attorney, state law is not entirely clear as to whether property owners or business tenants have the right to petition or vote in the PBID or CBD formation process, when a property-based assessment is employed.

Based on the foregoing, Port staff recommend that the Commission formally assign its voting rights to the Pier 39 Ltd. Partnership for purposes of CBD balloting for the proposed Fisherman's Wharf Community Benefit district.

Port Tenant Business-Based Assessment District

Fisherman's Wharf Community Benefit District organizers have stated a desire to see Port tenants form a business-based assessment district and have included provisions to terminate the proposed District if such a companion district is not formed within one year that contributes at least $50,000 annually to similar marketing purposes.

Port staff will return to the Port Commission at a subsequent meeting to discuss possible options for participating in such an effort that are consistent with the Port's mandate. Options include:

1. A Port contribution toward business-based assessment district formation costs in the form of a grant to supplement contributions from the Mayor's Office of Economic and Workforce Development and the Fisherman's Wharf Association.

2. Technical assistance with the Port tenant survey process.

3. An ongoing Port contribution toward the marketing, promotion and special event programs that a Port tenant district is designed to fund.

At that time, Port staff will apprise the Commission of any further details regarding the proposed business-based assessment district for Port tenants.

Prepared by Brad Benson, Special Projects Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-36

WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the real property located at 1789 Embarcadero, commonly known as the Pier 39 Garage, is within the Port's jurisdiction; and

WHEREAS, the Pier 39 Garage is leased to the Pier 39 Ltd. Partnership pursuant to Port Lease L-9707; and

WHEREAS, State law authorizes local jurisdictions to enact Property or Business Improvement Districts ("PBID") to fund certain business-related improvements, maintenance and activities through the levy of assessments; and

WHEREAS, local legislation further extends the rights granted under State law by enabling neighborhood commercial areas to more easily form Community Benefit Districts ("CBDs"); and

WHEREAS, the Fisherman's Wharf Association ("FWA") has initiated the process of forming a property-based CBD in the Fisherman's Wharf area; and

WHEREAS, the boundaries of the proposed CBD include the Pier 39 Garage; and

WHEREAS, Port Lease L-9707 requires Pier 39 Ltd. Partnership to pay all taxes and assessments levied on the leased premises; and

WHEREAS, State and local law are not clear as to whether property owners or business tenants have the right to petition or vote in the PBID or CBD formation process; and

WHEREAS, based on the foregoing, Port staff recommends that the Port Commission formally assign its voting rights to the Pier 39 Ltd. Partnership relating to the formation of the proposed CBD, as further described in the Staff Memo dated June 7, 2005 for this agenda item ("Staff Memo"); and now therefore be it

RESOLVED, that the Port Commission, based on staff's recommendation and its own review and consideration, approves the assignment of the Port's voting rights to Pier 39 Ltd. Partnership relating to the formation of the CBD as described in the Staff Memo; and further be it

RESOLVED, the Port Commission authorizes and directs the Executive Director, or her delegee, to prepare and execute any transfer agreement or other documentation necessary to effectuate the intent of this resolution, in a form as shall be approved by the City Attorney's Office.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 14, 2005.

_____
Secretary

ATTACHMENT A

FISHERMAN'S WHARF COMMUNITY BENEFIT DISTRICT MANAGEMENT DISTRICT PLAN SAN FRANCISCO, CALIFORNIA

Formed Under California Streets and Highway Code Section 36600
Property Business Improvement District Act of 1994, Augmented by Article 15 San Francisco Business and Tax Regulation Code, City and County of San Francisco

FINAL PLAN

SUBMITTED TO:

THE FISHERMAN'S WHARF COMMUNITY BENEFIT DISTRICT (CBD) STEERING COMMITTEE;

THE PROPERTY OWNERS OF THE PROPOSED FISHERMAN'S WHARF C.B.D.

AND

THE SAN FRANCISCO BOARD OF SUPERVISORS

PRESENTED BY:

MARCO LI MANDRI, NEW CITY AMERICA INC.

MAY 11, 2005

FISHERMAN'S WHARF/SAN FRANCISCO COMMUNITY BENEFIT DISTRICT MANAGEMENT DISTRICT PLAN FINAL PLAN – MAY 11TH, 2005

TABLE OF CONTENTS

A. FISHERMAN'S WHARF COMMUNITY BENEFIT DISTRICT BOUNDARIES

B. SERVICE PLAN AND BUDGET

C. ASSESSMENTS AND ASSESSMENT METHODOLOGY

D. TIME AND MANNER OF COLLECTING ASSESSMENTS

E. NUMBER OF YEARS ASSESSMENTS WILL BE LEVIED

F. TIMELINE FOR IMPLEMENTATION AND COMPLETION OF MANAGEMENT DISTRICT PLAN

G. PROPOSED RULES AND REGULATIONS TO APPLIED TO THE DISTRICT

H. LIST OF ASSESSED PROPERTIES

I. CONTINUATION OF CITY SERVICES

EXECUTIVE SUMMARY OF FISHERMAN'S WHARF COMMUNITY BENEFIT DISTRICT - 2005

"For nearly 100 years, Fisherman's Wharf has been a substantial economic asset for San Francisco. It is home to Northern California's most active fishing fleet and fish handling facilities. Fisherman's Wharf is San Francisco's number one visitor attraction, as well as the most significant income generator for the Port of San Francisco and a substantial tax contributor for the City and County of San Francisco, generating millions of dollars annually. Over 32,000 people work in Fisherman's Wharf. People come from around the world to enjoy its distinctive maritime setting, historic fisheries, world class restaurants, hotels, unique retail projects, and entertainment".

(White Paper, Fisherman's Wharf Comprehensive Plan, Board of Governors, 11/24/03).

The Board of Governors of the Fisherman's Wharf Association has worked long and hard to maintain the image and strengthen the identity of this historic district. The "White Paper" quoted above, serves as our visionary document and has provided guidance to the organization over the past year. As the City budget crisis becomes more noticeable and permanent, we must devise ways to take this district to the next level, with a stable revenue source and managed at a community level.

Over the past few years, order and cleanliness in the City side of the Fisherman's Wharf public rights of way have gradually deteriorated. With the current budget deficit in San Francisco, as well as in the state, it is safe to assume that current minimal City services delivered in the district will decrease in the future. To make this district and community better, commercial and institutional property owners must look at new ways of cleaning up, beautifying, marketing and promoting and maintaining order in the district.

Early in 2004, the Board of Supervisors unanimously adopted, and Mayor Newsom signed into law, a new enabling ordinance that allowed for the establishment of special benefit districts, known locally as *"Community Benefit Districts" (CBD).* This new enabling ordinance could have a dramatic impact on the way neighborhoods appear and function throughout the entire City. The first step is to determine whether support exists among neighborhood property owners, and see if they are inclined to assess themselves for such special benefit services.

The Fisherman's Wharf Board of Governors has taken the lead in this effort by working closely with Supervisor Peskin's office, by working to establish a new Community Benefit District for this historic area. Though our district is unique in its history and character, we share many of the same problems of business districts throughout the City of San Francisco and throughout the state.

This new Fisherman's Wharf CBD will fund special benefit services in the public rights of way, *over and above those currently provided by the City.* Such services could include sidewalk sweeping, steam cleaning, the removal of bulky items, painting out of graffiti, security services (above and beyond that of the San Francisco Police Department), aiding in

the coordination of homeless services, beautification programs, tree planting and maintenance, installation of decorations, installation and maintenance of pedestrian signage, funding for the annual Fourth of July fireworks celebration, funding for seasonal special events, as well as serving as an advocacy group of the Fisherman's Wharf community.

The CBD Steering Committee has met on at least 6 - 8 occasions since January 2005 to develop a plan that we believe is responsive to the needs of this community. Attached, please find the results of our research and work.

Location:	***Proposed Boundaries (in general)*** ❑ Jefferson St.: from Hyde to Embarcadero (south side only) ❑ Beach St.: from Van Ness to Embarcadero ❑ North Point: from Van Ness to Embarcadero ❑ Bay St.: from Mason to Powell ❑ Hyde St.: from North Point to Jefferson ❑ Columbus Ave.: from Francisco to Beach ❑ Taylor St.: from Bay to Jefferson ❑ Stockton St: from Bay to Embarcadero ❑ Leavenworth St: from North Point to Jefferson ❑ Jones St. from Francisco to Jefferson ❑ Powell St.: from Bay to Embarcadero ❑ Embarcadero: from Powell to North Point ❑ Larkin: from North Point to Beach ❑ Mason: from Bay to Jefferson ❑ Grant Ave. from North Point to Embarcadero ❑ Van Ness: from Beach to mid block south, (east side only)
Services:	1. Public Rights of Way and Sidewalk Operations; 2. District Identity and Streetscape Improvements (DISI), (Marketing and Promotions) 3. Administration/Corporate Operations 4. Contingency/Reserve
Method of Financing:	Special benefit assessments levied on properties within the district.
Benefit Zones	There will be three benefit zones within the proposed CBD
Assessment:	The *annual assessment* rate for properties is equal to: Building Square Foot/Zone 1: $0.033368 - 0.072168 per square foot (Based upon building use) Building Square Foot/Zone 2: no costs Building Square Foot/Zone 3: no costs Lot Size/Zone 1: $ 0.091612 per square foot Lot Size/Zone 2: $ 0.091612 per square foot Lot Size/Zone 3: no costs

	Linear Frontage/Zone 1: $ 5.429596 per linear foot **Linear Frontage/Zone 2: $ 5.429596 per linear foot** **Linear Frontage/Zone 3: $ 5.429596 per linear foot** **(The ILWU block is the only parcel to fall within Benefit Zone 3)** **Building type "F"/Residential will be assessed $.05 per square foot per year for all Benefit Zone 1 parcels**
Annual Budget:	**The first year annual budget for the district is $ 622,615.00 which includes special benefit assessments and general benefit contributions from the City and County of San Francisco**
Annual Increase:	**Year 2 – 15 assessments may be subject to the Bay Area Consumer Price Index (CPI) for all urban consumers, not to exceed 5% annually.**
City Services:	**The San Francisco Board of Supervisors, by adopting this Plan, will confirm its intention to ensure a baseline level of services equivalent to the level that is being provided elsewhere in similar areas of the City.**
Formation:	**District formation requires submission of petitions from property owners representing at least 30% of the total assessments. Once the petitions have been submitted, the Board of Supervisors will adopt a Resolution of Intent to establish the district and mail out ballots to all affected property owners. The district is formed if the weighted majority of returned ballots support the district formation.**
Duration:	**The district will have a 15 year term if a new business-based business improvement district (BID) is established as set forth below. If such condition is not met, the district will have a one year term, expiring on June 30, 2007.** **The 15-year term is conditioned upon a business-based BID being formed on or before December 31, 2006 that meets the following criteria:** **1. The new business-based BID receives not less than $50,000 in annual assessments;** **2. The new business-based BID is formed to fund, at a minimum, District Identity and Streetscape Improvement services as outlined in Section B;** **3. The new business-based BID will include business license holders on Port-owned property in the Fisherman's Wharf area (between Pier 35 and the Aquatic Park).**

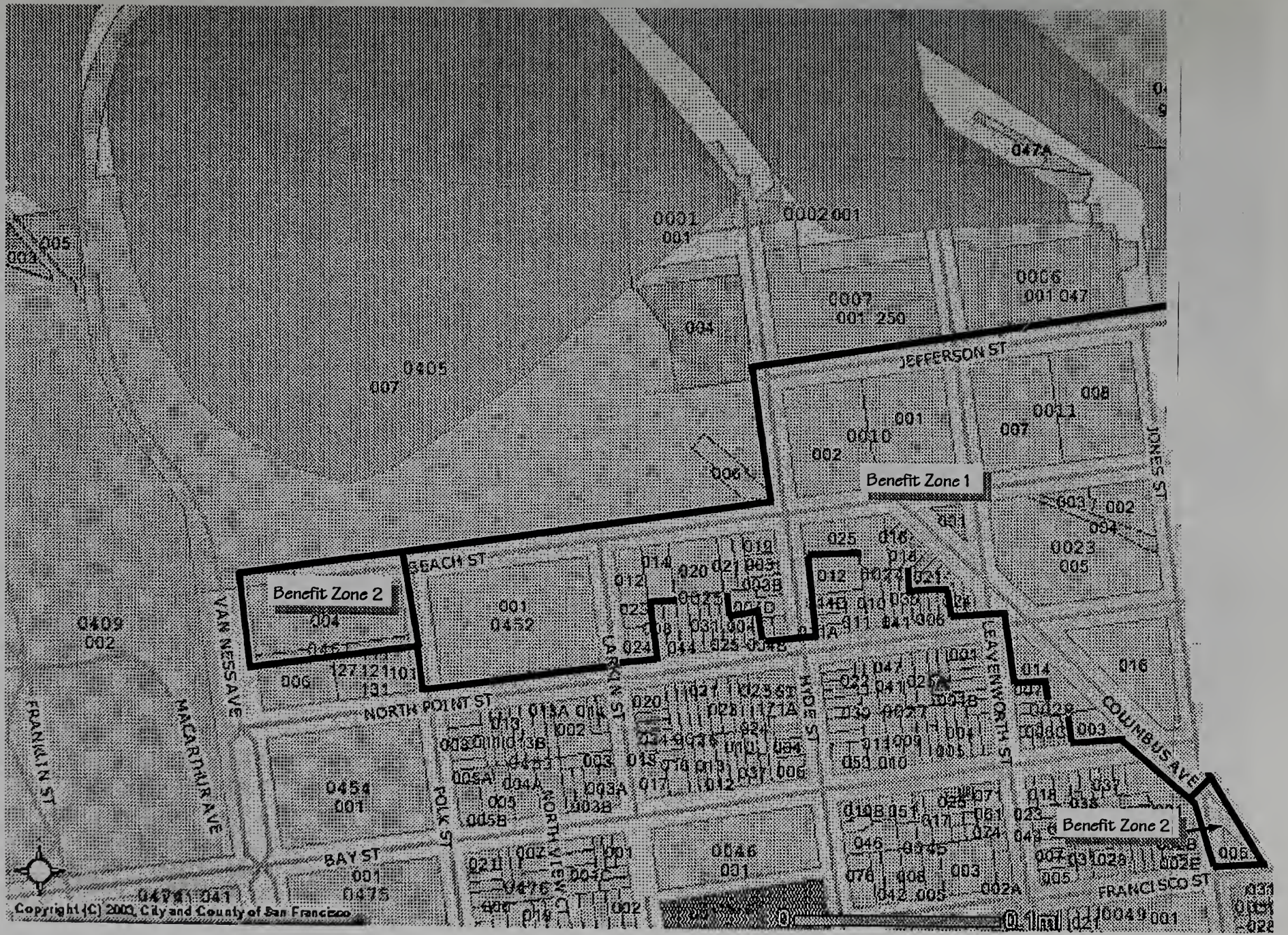
A. FISHERMAN'S WHARF COMMUNITY BENEFIT DISTRICT BOUNDARIES

The Fisherman's Wharf CBD will deliver special benefit services to 106 parcels throughout the district boundaries as well as within the heart of Fisherman's Wharf's business district. The addresses of the properties included in the district are as follows:

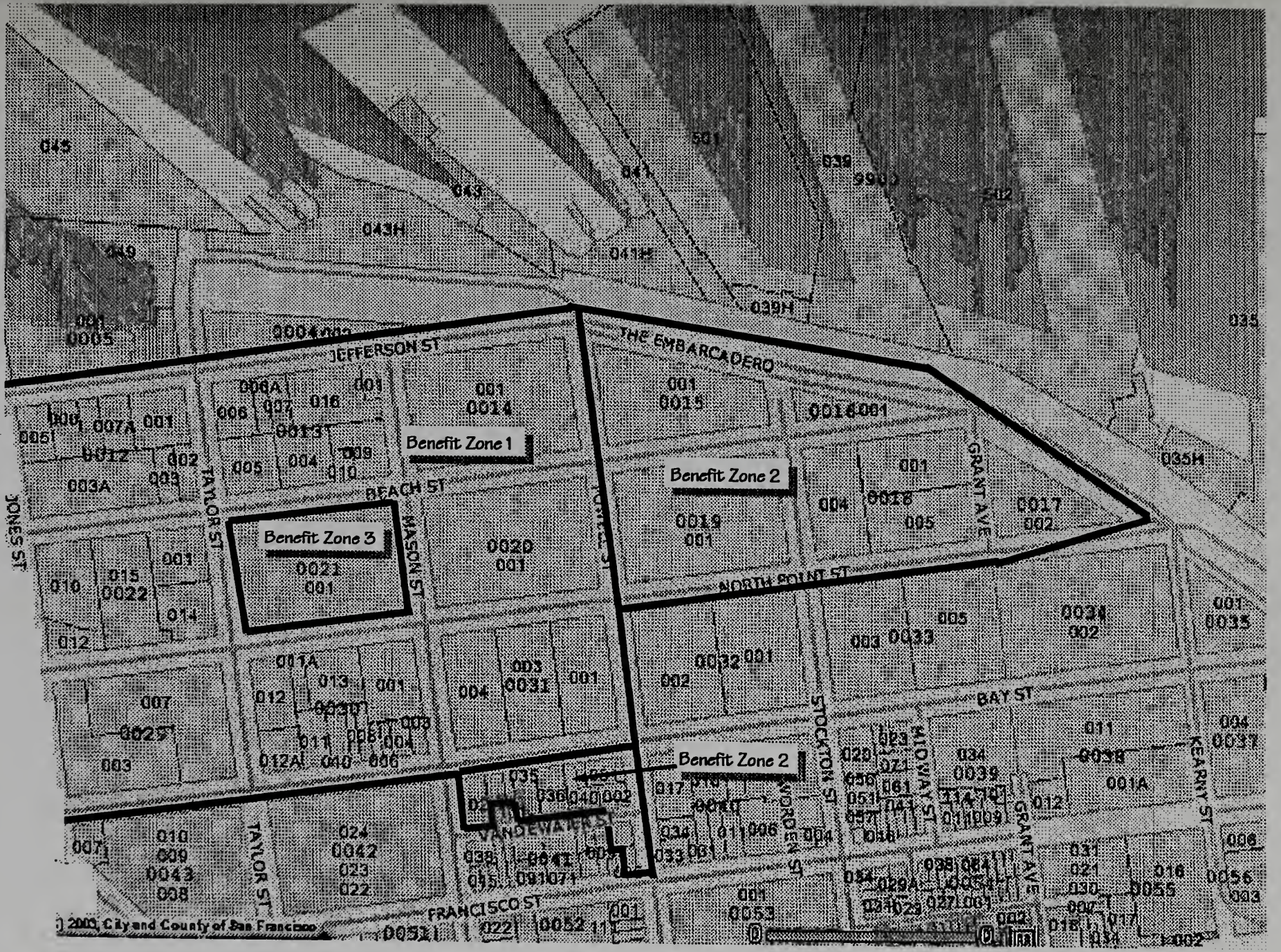
Street	*Address Series*
Bay Street	300 - 490
Beach Street	1 - 999
Columbus Ave.	1111 – 1365
Hyde St.	2711 - 2751
Jefferson St.	101 – 495
Jones St.	2620
Larkin St.	3030
Leavenworth	2800 – 2801
Mason St.	2500 – 2601
North Pointe	2 – 900
Powell St.	2201 – 2399
Stockton St.	2301 – 2340
Taylor St.	2552 – 2775
The Embarcadero	1789
Van Ness	3250

A map showing the district boundaries is shown in the following pages.

Fisherman's Wharf (Part 1)



Fisherman's Wharf (Part 2)



B. SERVICE PLAN AND BUDGET

Service Plan

The Fisherman's Wharf CBD Steering Committee conducted a mail survey of all property owners in the district in January of 2005. The purpose of the survey was to ascertain the level of support for the creation of this special benefits district and to identify the services that were desired by property owners. Additionally, meetings of the Fisherman's Wharf CBD Steering Committee were held to review the survey findings and to get additional input from property owners, merchants and residents. The following services were identified as the top priorities for the district:

PUBLIC RIGHTS OF WAY AND SIDEWALK OPERATIONS: (Examples include but are not limited to)

- **Regular sidewalk and gutter sweeping, (at least four times per week)**
- **Quarterly sidewalk steam cleaning;**
- **Spot steam cleaning as necessary;**
- ***Safe passage* programs for visitors and employees;**
- **Minor security services;**
- **Beautification;**
- **Decorations;**
- **Enhanced trash emptying in the public rights of way;**
- **Removal of bulky items;**
- **Graffiti removal, within 24 hours;**
- **Installation and maintenance of banners and/or decorations;**
- **Tree and plant maintenance and planting;**
- **Equipment, supplies, tools;**
- **Vehicle maintenance and insurance;**
- **Maintenance personnel and supervisor costs;**

DISTRICT IDENTITY AND STREETSCAPE IMPROVEMENTS/MARKETING AND PROMOTIONS (Examples include, but are not limited to)

- **Special events;**
- **Marketing and Promotions strategies;**
- **Personnel related to Marketing and Promotions;**
- **Logo development and Web site;**
- **Pedestrian kiosks and wayfinding signage system;**
- **Enhanced beautification, public space development;**
- **Walking map;**
- **Advertising;**
- **Communications;**
- **Historical markers and public art;**

ADMINISTRATION AND CORPORATE OPERATIONS: (Examples include, but are not limited to)

- **Staff and administrative costs;**
- **Insurance;**
- **Office related expenses;**
- **Financial reporting;**
- **Communications;**
- **Repayment of District formation costs;** ***(during the first year of operation, up to $22,500 in formation costs may be repaid to the organizations which funded the formation efforts of the district, for actual expenditures for the cost of preparing this plan and the engineer's report consistent with Article 1511(d) of the BID Procedure Code, City and County of San Francisco).***

CONTINGENCY/RESERVE: (Examples include, but are not limited to)

- **Delinquencies;**
- **Reserves;**
- **Repayment of District formation costs;** ***(during the first year of operation, up to $22,500 in formation costs may be repaid to the organizations which funded the formation efforts of the district, for actual expenditures for the cost of preparing this plan and the engineer's report consistent with Article 1511(d) of the BID Procedure Code, City and County of San Francisco).***

Service Plan Operating Budget **The service plan budget has been developed to provide the services identified as the highest priorities to the stakeholders in the Fisherman's Wharf CBD area. The initial annual operating budget for the Fisherman's Wharf CBD is estimated at $ 622,615.00. A breakdown of this budget is included in the table below. Of the total service plan budget, 95% of the revenues or $ 591,485.00, will be generated from the special benefit assessments. The remaining 5%, or $ 31,130.00, will be generated from other sources.**

TABLE 1A

Special Benefit to be funded	*% of 1st year budget*	*Annual first year costs*
Public Rights of Way and Sidewalk Operations	**29%**	**$ 181,130.00**
District Identity and Streetscape Improvements	**40%**	**$ 255,000.00**
Administrative/Corporate operations	**20%**	**$ 125,000.00 (May include repayment of up to $ 22,500 in formation costs during first year, for actual expenditures for the cost of preparing this plan and the engineer's report consistent with Article 1511 of the San Francisco BID Procedure Code)**
Contingency/Reserve	**11%**	**$ 61,033.00 (May include repayment up to $ 22,500 in formation costs during first year, for actual expenditures for the cost of preparing this plan and the engineer's report consistent with Article 1511 of the San Francisco BID Procedure Code)**
Special Projects (Zone 1)		**$ 452.00**
Total, Special and General Benefits	***100%***	***$ 622,615.00***

Issuance of Bonds or Debt Service:
No bonds, nor related bond indebtedness will be issued.

C. ASSESSMENTS AND ASSESSMENT METHODOLOGY

Calculation of Assessments and Benefit Zones:

There are four property variables that are to be used in determining individual assessments. These factors are 1) linear frontage, (sidewalk frontage), 2) land area, 3) entire usable building square footage, and 4) building use. There is a total of 2,151,139 square feet in gross lot size, 28,276 feet in linear frontage and 4,486,146 in building square footage. In addition, there will be three Benefit Zones in the district. Benefit Zone 1 will include all parcels north of North Point/Bay, between Polk and Powell, Benefit Zone 2 will include parcels west of Polk and east of Powell, and Benefit Zone 3 will include the ILWU block bordered by Beach, Mason, Taylor and North Point. The ILWU has been designated as Benefit Zone 3 due to its unique position in the district and will pay based upon its four sides of linear frontage only. If the building is converted to non-ILWU uses in the future, the parcel will fall into Benefit Zone 1 and be assessed accordingly.

The assessment will be calculated as follows:

TOTAL PROPERTY ASSESSMENT =

(Zone 1)

$0.091612 per square foot of lot size + $ 5.4296 per linear foot of lot frontage +
$ 0.072168 per square foot (Building Use "A or B") or
$ 0.033368 per square foot (Building Use "C – E")
$.0.05 per square foot for residential "F")

(Zone 2)

$0.091612 per square foot of lot size + $ 5.4296 per linear foot of lot frontage +

(Zone 3)

$ 5.4296 per linear foot of lot frontage (ILWU Block)

Benefit Zone 1 parcels will derive the most benefit from the creation of the district.

All residential uses, building use "F" land uses in Benefit Zone 1 will be assessed $.0.05 per square foot per year. This special assessment is established to accommodate future residential growth in the Benefit Zone 1 properties. These assessments, tied to Benefit Zone 1 "F" will be placed into a fund to enhance the public rights of way primarily for the residential uses.

Under the proposed assessment methodology, a 5,000 square foot lot, with 50 feet of frontage and 4,000 square feet of usable retail or commercial building use in *Benefit Zone 1* would yield an annual assessment for the Fisherman's Wharf CBD of:

5,000 x .091612	**= $ 458.06 in lot size**
50 x $ 5.4296	**= $ 271.48 in linear frontage, and**
4,000 x $ .072168	**= $ 288.67 in building square footage (A or B)**
or a total assessment of:	***$ 1,018.21 per year***

Benefit Zone 2 parcels will be assessed at the same rate as above but without a building factor assessment. Benefit Zone 3 will be assessed on the basis of linear frontage only.

This assessment methodology has been endorsed by the CBD Steering Committee as the most fair and equitable for apportionment of assessments to participating parcels. Linear frontage will be assessed on all sides fronting the public rights of way, lot size will be assessed based upon the data from the City and County of San Francisco; and the usable building square footage and use will be determined by field survey and data from the City and County of San Francisco.

Different special benefit services will have their costs apportioned to the different property variables. For example, sidewalk sweeping, sidewalk steam cleaning, tree maintenance, graffiti removal and other services performed within the public rights of way will be apportioned to linear frontage assessments in all three benefit zones. District Identity and Streetscape Improvements (DISI) costs will be apportioned to the building uses in Benefit Zone 1. Administration and Contingency will be apportioned to the lot size assessments win Benefit Zones 1 and 2.

Building Uses in District

- **Each Benefit zone 1 building use has been categorized in the district.**

Building Use Categories

Building Use Code	*Description of Use*
A	Retail space, hotels, motels, visitor related
B	Office and Commercial uses, free standing parking structures
C	Industrial/Manufacturing/Distribution
D	Institutional (City, County, School, public utility, parks, etc.)
E	Church, non-profit, tax-exempt, affordable housing, rent-controlled housing
F	Multi-unit housing, condos, apartments
G	Non-functional building structures,

TOTAL FIRST YEAR FISHERMAN'S WHARF C.B.D. SERVICES BUDGET
LINE ITEMS BASED UPON SUGGESTED PROGRAMS AND ALLOCATIONS

SERVICE OR CATEGORY OF SPECIAL BENEFIT TO BE FUNDED	ESTIMATED FIRST YEAR COST	% OF TOTAL FIRST YEAR BUDGET	APPORTIONED TO SPECIFIC PROPERTY VARIABLE
Public Rights of Way and Sidewalk Operations	**$ 181,130.00**	**29%**	**Linear Frontage , from all 3 Benefit Zones. Includes assessments from current and future Benefit Zone 1 "F" building uses**
District Identity and Streetscape Improvements	**$ 255,000.00**	**41%**	**Building "A" and "B" in Benefit Zone 1 pay $ 0.072168 to underwrite special events. Building Uses "C, D, E, G" in Benefit Zone 1 pay $ 0.033368 to underwrite special benefit district identity services**
Administration and Corporate Operations, including Repayment of Formation Costs	**$ 125,000.00**	**20%**	**Lot Size in Benefit Zones 1 and 2 *(May include repayment of up to $ 22,500 in formation costs during first year)***
Contingency/Reserve, including Repayment of Formation Costs	**$ 61,033.00**	**10%**	**Lot size in Benefit Zones 1 and 2 (May include repayment of up to $ 22,500 in formation costs during first year)**
Total, Special and General Benefits	***$ 622,615.00***	***100%***	

Publicly Owned Parcels and Government Assessments:

The Fisherman's Wharf Community Benefit District Steering Committee assumes that the City and County of San Francisco, the DPW or any of the City and County's agencies, the State of California and any other publicly owned parcels, will pay assessments for the special benefits conferred upon government owned property within the boundaries of the CBD. Article XIIID(4) of the California Constitution, (Proposition 218), explains the basis for assessing publicly owned parcels:

> ***"Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from Assessments unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit."***

Exemptions:

Consistent with Article XIIID of the State Constitution, (Proposition 218), it has been determined that all parcels within the proposed district will derive special benefits from the

district. Therefore, no parcels will be exempted from payment, regardless of use or ownership.

Annual Assessment Increases

Assessments may increase annually for inflation which will not exceed the lesser of 5% or the Bay Area Consumer Price Index (CPI). This assessment increase can only be initiated by the Fisherman's Wharf non-profit management corporation.

The annual budgets below assume a 5% percentage maximum increase in overall assessments revenues collected per year. This is the maximum allowable increase based upon this plan.

Year of Operation	*Total Budget*	*Year of Operation*	*Total Budget*
2006	$ 622,615.00	2014	$ 919,885.00
2007	$ 653,745.00	2015	$ 965,880.00
2008	$ 686,433.00	2016	$ 1,014,174.00
2009	$ 720,754.00	2017	$ 1,064,882.00
2010	$ 756,792.00	2018	$ 1,118,126.00
2011	$ 794,632.00	2019	$ 1,174,033.00
2012	$ 834,363.00	2020	$ 1,232,734.00
2013	$ 876,081.00		

D. TIME AND MANNER OF COLLECTING ASSESSMENTS

The Fisherman's Wharf Community Benefit District, will appear as a separate line item on the annual property tax bills prepared by San Francisco County tax collector. Payment of Property Taxes is due on November 1 and February 1, with the bill becoming delinquent at the close of business December 10 and April 10, respectively. The total bill may be paid with the first installment. The San Francisco Tax Collector shall distribute the assessments collected by the City and County of San Francisco to the management corporation.

E. NUMBER OF YEARS ASSESSMENTS WILL BE LEVIED

This Fisherman's Wharf CBD *will be established for the maximum term of fifteen years.* The maximum term allowable is proposed due to the need for ample time for revitalization, creating well-designed public spaces, developing solid programs for strengthening the image of the area, as well as attracting new businesses to the business community. The district will also need the full 15-year term to develop annual special events, design and construct public spaces and public art, as well a implement tree planting and maintenance programs.

The district would commence operations January 1, 2006 and expire on December 31, 2020, unless disestablished.

The district will have a 15 year term if a new business-based business improvement district (BID) is established as set forth below. If such condition is not met, the district will have a one year term, expiring on June 30, 2007.

The 15-year term is conditioned upon a business-based BID being formed on or before December 31, 2006 that meets the following criteria:

1. **The new business-based BID receives not less than $50,000 in annual assessments;**
2. **The new business-based BID is formed to fund, at a minimum, District Identity and Streetscape Improvement services as outlined in Section B;**
3. **The new business-based BID will include business license holders on Port-owned property in the Fisherman's Wharf area (between Pier 35 and the Aquatic Park).**

Disestablishment:

Each year that the Fisherman's Wharf CBD is in existence, there will be a 30-day period during which the property owners will have the opportunity to request disestablishment of the district. This 30-day period begins each year on the anniversary date that the district was first established by the Board of Supervisors. Within that 30-day period, if a written petition is submitted by the owners of real property who pay 50% or more of the assessments levied, the CBD may be disestablishment by the Board of Supervisors. The Board of Supervisors, with a supermajority of eight members, may initiate disestablishment proceeding at any time and need not make findings of bad actions by the designated management corporation.

If there is debt outstanding, the district cannot be disestablished until all of the debt has been repaid. All financial obligations in the form of bonds (there are no bonds associated with this district), or loans for capital improvements, must be paid off before the district can be disestablished.

F. TIMELINE FOR IMPLEMENTATION AND COMPLETION OF MANAGEMENT DISTRICT PLAN

The timeline for formation and completion of the Fisherman's Wharf CBD and management plan is as follows:

Task	*Time task is anticipated to be, or was completed*
Present Fisherman's Wharf CBD Steering Committee, meet to look at 1st draft Management District Plan	March
Approve Management District Plan by Steering Committee	April 20th
Mail out Management District Plan and petition endorsing plan to affected Fisherman's Wharf property owners	April 30th
Submit minimum 30% weighted petitions endorsing plan and their related assessments to the Mayor's office of Economic and Workforce Development	May 11th
Ballots distributed by mail to property owners upon Resolution of the Board of Supervisors	Early June
Ballots due, public hearing, ballots counted, district formed	Late July
Management Corporation created by Fisherman's Wharf CBD Steering Committee, papers filed with Secretary of State and IRS and other government agencies	August – November
First assessments paid	December
First installment of assessments transferred from City to Fisherman's Wharf CBD Management Corporation to begin district operations	January 2006

G. PROPOSED RULES AND REGULATIONS TO APPLIED TO THE DISTRICT

Management of the District:

The non-profit management corporation make-up for this CBD must make accommodations for the participation of all stakeholders paying into the district, as well as taking into account that at least 20% of the Board seats must be set aside for non-property owners, (Article 15, Section 1511 (f) of the San Francisco Business Tax and Regulations Code). Once the district has been established, the Fisherman's Wharf CBD Steering Committee will continue its work to write the bylaws and register the new non-profit corporation. ***The Steering Committee will be open to all community stakeholders interested in developing the rules and regulations of the new management corporation, whose sole function would be to manage the district and allocate the assessment district funds consistent with the plan.***

The management corporation will be a non-profit corporation with provision for election or appointment of board members based upon the various land uses, location and weight

[Resolution of Intention to form the Fisherman's Wharf Community Benefit District (CBD)]

Resolution declaring the intention of the Board of Supervisors to establish a property-based business improvement district to be known as the "Fisherman's Wharf Community Benefit District (CBD)," to order the levy and collection of a multi-year assessment, and setting a time and place for a public hearing thereon.

WHEREAS, The Property and Business Improvement District Law of 1994, Part 7 of Division 18 of the California Streets and Highways Code, commencing with Section 36600 (the "Law") authorizes cities to establish property and business improvement districts within business districts to promote the economic revitalization and physical maintenance of such business districts; and

WHEREAS, Section 36603 of the Law recognizes the authority of Charter cities to adopt ordinances providing for different methods of levying assessments for similar or additional purposes from those set forth in the Law; and

WHEREAS, Article 15 of the San Francisco Business and Tax Regulation Code ("Article 15") augments certain procedural and substantive requirements relating to the formation of property and business improvement districts and assessments on real property or businesses within such districts; and

WHEREAS, The Law and Article 15 authorize the City to levy and collect assessments on real property within such districts for the purpose of providing improvements and promoting activities and property-related services that specially benefit real property located within such districts; and

WHEREAS, Article XIIID of the California Constitution and Section 53753 of the California Government Code impose certain procedural and substantive requirements relating to assessments on real property; and

WHEREAS, The Law and Article 15 impose additional procedural and substantive requirements relating to assessments on real property within a proposed property and business improvement district, also known as a community benefit district ("CBD"); and

WHEREAS, The Board of Supervisors finds that the property-related services, activities and improvements to be funded with assessments on real property within the proposed district will confer substantial special benefits to the assessed properties over and above the general benefits to the public at large from such services, activities and improvements; and

WHEREAS, The property owners who will pay more than 30 percent of the total amount of assessments on properties within the proposed district signed and submitted to the Clerk of the Board of Supervisors a petition (the "Petition") requesting that the Board of Supervisors establish a property-based community benefit district to be named the "Fisherman's Wharf Community Benefit District (CBD)," and to levy assessments on properties located in the proposed district to fund property-related services, activities and improvements within the district; and

WHEREAS, A Management District Plan entitled the "Fisherman's Wharf Community Benefits District Management District Plan" containing information about the proposed district and assessments required by Section 36622 of the Law, including but not limited to a map showing all identified parcels located in the district, a description of the boundaries of the district and benfit zones within the district, the name of the district, the amount of the proposed assessment for each identified parcel, the total annual amount chargeable to the entire district, the duration of the payments, the property-related services, activities and improvements to be funded by the assessments for each year and the maximum cost thereof,

the method and basis upon which the assessments are calculated in sufficient detail to allow each property owner to calculate the amount of the assessment to be levied against his or her property, a statement that no bonds will be issued, the time and manner of collecting the assessments, and a list of the properties to be assessed (including assessor parcel numbers), has been submitted to the Clerk of the Board of Supervisors; and

WHEREAS, A detailed engineer's report entitled "District Assessment Engineer's Report" supporting the assessments within the proposed district has been submitted to the Clerk of the Board of Supervisors; now, therefore, be it

RESOLVED, That the Board of Supervisors declares as follows:

Section 1. Pursuant to section 36621(a) of the law and Article 15, the Board of Supervisors declares its intention to form the property and business improvement district to be designated as the "Fisherman's Wharf Community Benefits District" (the "District"), and to levy and collect assessments against all parcels of real property in the district for a period of 15 years, commencing with fiscal year 2005-2006, beginning January 1, 2006 and ending December 31, 2020, if a new business-based business improvement district (BID) is established on or before December 31, 2006 that (i) includes business license holders on Port of San Francisco property in the Fisherman's Wharf area (between Pier 35 and the Aquatic Park), (ii) receives not less than $50,000 in annual assessments, (iii) is formed to fund, at a minimum, District Identity and Streetscape Improvement services as outlined in the Management District Plan for this proposed Fisherman's Wharf Community Benefits District. If the foregoing condition is not met, the District will expire on June 30, 2007. The assessments on the properties within the District are for the costs and incidental expenses of establishing and maintaining the District that have been determined to specially benefit the assessed properties, subject to approval by a majority of the property owners in the District

whose ballots shall be weighted according to the proportional financial obligations of their affected properties. No bonds will be issued.

Section 2. The Board of Supervisors hereby approves the Management District Plan and District Assessment Engineer's Report, including the estimates of the costs of the property-related services, activities and improvements set forth in the plan and the assessment of said costs on the properties that specially benefit from such services, activities and improvements. A copy of the Management District Plan and the District Assessment Engineer's Report are on file with the Clerk of the Board of Supervisors in File No. _____. The Clerk of the Board shall make the Management District Plan, District Assessment Engineer's Report and other documents related to the District available to the public for review during normal business hours, Monday through Friday 8:00 a.m. through 5:00 p.m., excluding legal holidays.

Section 3. The exterior boundaries of the District are as set forth in the map contained in the Management District Plan on file with the Clerk of the Board of Supervisors in File No. _____, and incorporated herein by reference. The District contains 106 parcels in the Fisherman's Wharf area, the exterior boundaries of which are as follows:

Jefferson St.:	from Hyde to Embarcadero (South side only)
Beach St.:	from Van Ness to Embarcadero
North Point:	from Van Ness to Embarcadero
Bay St.:	from Mason to Powell
Hyde St.:	from North Point to Jefferson
Columbus Ave.:	from Francisco to Beach
Taylor St.:	from Bay to Jefferson
Stockton St:	from Bay to Embarcadero
Leavenworth St:	from North Point to Jefferson

Jones St.	from Francisco to Jefferson
Powell St.:	from Bay to Embarcadero
Embarcadero:	from Powell to North Point
Larkin:	from North Point to Beach
Mason:	from Bay to Jefferson
Grant Ave.	from North Point to Embarcadero
Van Ness:	from Beach to mid block south, (East side only)

Reference should be made to the detailed map in order to determine which specific parcels are included in the District.

Section 4. A public hearing on the establishment of the District, and the levy and collection of assessments starting with fiscal year 2005-2006 and continuing through the first half of fiscal year 2020-2021 shall be conducted before the Board of Supervisors on July 26, 2005 at 3:00 p.m., or as soon thereafter as the matter may be heard, in the Board's Legislative Chambers, Second Floor, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California, 94102. At this public hearing, the Board of Supervisors will hear public testimony regarding the proposed formation of the district, assessments, boundaries of the district, including testimony from all interested persons for or against establishment of the District, the extent of the District, and the furnishing of specific types of property-related services, improvements or activities. The Board of Supervisors may waive any irregularity in the form or content of any written protest, and at the public hearing may correct minor defects in the proceedings. All protests submitted by affected property owners and received prior to the conclusion of the public testimony portion of the public hearing shall be tabulated to determine whether a majority protest exists.

Section 5. The Board of Supervisors hereby approves the form of the Notice of Public Hearing and Assessment Ballot which are on file with the Clerk of the Board of Supervisors in File No. _____.

Section 6. The proposed property-related services, improvements or activities for the District include a Public Rights of Way and Sidewalk Operations component, consisting of regular sidewalk and gutter sweeping, periodic sidewalk steam cleaning, spot steam cleaning as necessary, safe passage programs for visitors and employees, minor security services, beautification, decorations; enhanced trash emptying in the public rights of way, removal of bulky items, graffiti removal within 24 hours, installation and maintenance of banners and/or decorations, tree and plant maintenance and planting; equipment, supplies, tools, vehicle maintenance and insurance, maintenance personnel and supervisor costs; a District Identity and Streetscape Improvements component, consisting of special events, web site, pedestrian kiosks and wayfinding signage system, enhanced beautification, flower pots on street lights, marketing and promotions, advertising, walking map, public space development, historical markers and public art; an Administrative and Corporate Operations component, consisting of staff and administrative costs, insurance, office related expenses, financial reporting, developing parking strategies with the City, communications, and repayment of district formation costs; and a Contingency and Reserve component for delinquencies, a reserve and repayment of district formation costs.

Section 7. Within the area encompassed by the proposed District, the City currently provides services at the same level provided to other similar areas of the City. It is the intent of the Board of Supervisors to continue to provide the area encompassed by the District with the same level of services provided to these other similar areas of the City. The establishment of the District will not affect the City's policy to continue to provide the same

level of service to the areas encompassed by the District as it provides to other similar areas of the City during the duration of the District.

Section 8. The assessment proposed to be levied and collected for fiscal year 2005-2006 is $591,485. The amount to be levied and collected for subsequent years up through the first half of fiscal year 2020-2021 may be increased annually by an amount not to exceed the change in the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area, not to exceed 5 percent.

Section 9. The Clerk of the Board is directed to give notice of the public hearing as provided in Section 53753 of the Government Code, Section 4 of Article XIIID of the California Constitution, Section 16.112 of the San Francisco Charter and Section 67.7-1 of the San Francisco Administrative Code.

PORT OF SAN FRANCISCO

MEMORANDUM

June 9, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: PG&E Settlement of Litigation;
Licenses for the Potrero-Hunters Point 115 kV Cable Project; and
Interim Lease of Davidson Street

REQUESTED ACTIONS

Approve the proposed settlement agreement dated June 14, 2005 between the City and County of San Francisco and Pacific Gas and Electric Company ("Settlement Agreement").

Approve California Environmental Quality Act (CEQA) findings for the Potrero-Hunters Point 115 kV Cable Project.

Approve two non-exclusive Licenses between the Port and Pacific Gas and Electric Company (PG&E) for the use of Port property along the route for the Potrero-Hunters Point 115 kV Cable Project, in the vicinity of Illinois Street, 23rd Street, Tennessee Street, Marin Street, and Evans Avenue, between Selby and Third Street. License I will be for a nine (9) month term (for the proposed construction period) and License II, subject to approval by the Board of Supervisors, will be for a sixty five year, three month (65 years,3 months) term. Make a finding of Public Trust consistency for the Potrero-Hunters Point 115 kV Cable Project.

Authorize the Port Executive Director to take such actions as may be necessary to effectuate the Settlement Agreement and, in her sole discretion, to extend either the terms of the Settlement Agreement related to PG&E's continued use of the Hunters Point Plant Property (described herein) or License I, subject to the limitations of Charter Section 9.118.

This Print Covers Calendar Item No. **7D**

INTRODUCTION

In 2001, PG&E filed for Chapter 11 bankruptcy. In October of 2001, the City filed a bankruptcy claim, which included an encroachment claim with respect to PG&E's use of 91,949 square feet of Port property for the Hunters Point Power Plant (the "Hunters Point Plant Property"), for which the Port claimed payment of rent. PG&E countered with a motion for partial summary judgment. Both actions are pending in the U.S. Bankruptcy Court. The property includes public trust lands underlying the former or paper street areas known as Davidson, Ingalls, Custer, India and Evans Street, and shoreline areas in the vicinity. PG&E uses the property for the Power Plant, intake and outfall structures, supporting facilities and public access that it dedicated to BCDC as a condition of permit issuance.

Commencing informally in 2004 and formally in 2005, PG&E approached the Port for a building permit (Port application number 7039, dated April 25, 2005) and a request to use Port property for purposes of constructing, operating and maintaining a high voltage, underground transmission line from the Potrero Power Plant to the Hunters Point Power Plant ("Potrero-Hunters Point 115 kV Cable Project").

Consistent with Port leasing policy, Port staff informed PG&E that it would require that PG&E secure tenancy in good standing with respect to the Hunters Point Plant Property under dispute in the U.S. Bankruptcy Court prior to executing new property-related agreements.

POTRERO-HUNTERS POINT 115 kV CABLE PROJECT

The proposed project is one of nine (9) transmission upgrades approved by the California Public Utilities Commission (CPUC) that the California Independent System Operator (CAISO) has identified as being necessary to improve electric reliability and meet load demand forecasts for San Francisco sufficient to allow an end to the CAISO "must-run" status for the Hunters Point Power Plant which is located south of Pier 96.

Of the 9 transmission upgrades that PG&E is undertaking, the company has completed all but two, including the proposed project and the Jefferson-Martin transmission line, both scheduled to be finished by March of 2006.

On July 9, 1998, the City and County of San Francisco entered into an agreement with PG&E for the closure of the Hunters Point Power Plant. The agreement provides that PG&E will "permanently shut down the Hunters Point Power Plant as soon as the facility is no longer needed to sustain electric reliability in San Francisco and the surrounding area and the Federal Energy Regulatory Commission (FERC) has authorized PG&E to terminate PG&E's Reliability Must Run Contract for the facility." The agreement also provides that "[w]ithin one year of permanent shutdown, PG&E will start to expeditiously decommission the Hunters Point Power Plant and remediate the site."

The following (excerpted) description of the proposed Potrero-Hunters Point 115 kV Cable Project was supplied by PG&E:

"Pacific Gas and Electric Company (PG&E) owns and operates a 115 kilovolt (kV) underground electric cable system consisting of 13 cables in the City and County of San Francisco. PG&E has

been authorized by the California Public Utilities Commission to reinforce the system by installing a single-circuit, 115 kV solid dielectric underground circuit (consisting of three cables) between the Potrero and Hunters Point switchyards. The Potrero to Hunters Point 115 kV Cable Project (project) will provide necessary upgrades to the electrical transmission system serving the City and County of San Francisco (City) in order to improve reliability, increase capacity, and provide a critical component needed to meet the goal of closing PG&E's Hunters Point Power Plant pursuant to PG&E's agreement with the City."

"The project route begins at the northwest corner of the Potrero Switchyard between 22nd Street and 23rd Street, and runs south on Illinois Street until turning west on 23rd Street. From 23rd Street, the route turns south on Tennessee Street and continues for four blocks before turning west on Cesar Chavez Street. It follows Cesar Chavez Street for approximately 0.2 mile, crossing under Interstate 280 (I-280) and the Caltrain railroad tracks and then turning south between approximately where it crosses property owned by the City and County of San Francisco and the Hearst Corporation for approximately 0.1 mile. The route then turns west onto Marin Street, before turning south-southeast onto Evans Avenue."

"The route follows Evans Avenue, crosses under I-280 and the Caltrain railway and proceeds down Evans Avenue for approximately 1 mile before entering the Hunters Point Power Plant property. The route terminates at the Hunters Point Switchyard."

"The 115 kV single-circuit powerline between the Potrero Switchyard and the Hunters Point Switchyard will be approximately 2.5 miles in length. Modifications will be made to each switchyard to connect the underground 115 kV powerline. In addition, construction will require an equipment staging site on Evans Avenue and Jennings Street."

"As the trench for the underground 115 kV cable is completed, PG&E will install the cable conduit, ground wire, and concrete conduit encasement duct bank. The duct bank typically will consist of four 6-inch-diameter polyvinyl chloride (PVC) conduits. The dimensions of the duct bank will be approximately 24 inches wide by 34 inches in height. The three electrical cables will be contained within the 6-inch-diameter PVC conduits and one conduit will be left open as a spare for future use should a single cable fail. Fiber optic lines for system protection and communication will be housed in two 4-inch-diameter conduits that will be installed above the top level of the 6-inch-diameter conduits and within the thermal backfill."

On December 2, 2004, the CPUC issued a Permit to Construct the Potrero-Hunters Point 115 kV Cable Project. PG&E has since obtained Utility Excavation Permits from the San Francisco Department of Public Works (DPW) to install facilities within the streets under DPW's jurisdiction. Thus, PG&E has obtained all necessary state and local approvals to construct the proposed project, save for a license agreement from the Port and a building permit from the Port's Building Permit Section. If these approvals are granted, construction for the project is expected to commence in mid-June and last until December 2005.

ENVIRONMENTAL REVIEW

The environmental effects of the proposed cable project were analyzed in a Mitigated Negative Declaration (MND), dated November 19, 2004, prepared for the CPUC, pursuant to requirements under CEQA. The MND includes mitigation measures which were approved and required by the

CPUC as conditions of the project, which reduced environmental impacts to a less than significant level. A copy of the full MND is provided to the Commission for its review and consideration. The CPUC-required mitigation measures are summarized on pages 1-23 to 1-44 of the MND.

Port staff also reviewed the Port of San Francisco Final Supplemental Environmental Impact Report (SEIR) to determine whether any mitigation measures from that document also were applicable to this project. Staff found that the mitigation measures in the MND were consistent with or exceeded those applicable in the SEIR. Accordingly, staff recommends that the Commission also require implementation of the mitigation measures set forth in the MND as conditions of approval of this project.

PUBLIC OUTREACH

As required by the CPUC, PG&E and the CPUC published notifications in the San Francisco Chronicle of its application to construct the Potrero-Hunters Point 115 KV Cable Project on January 9 and 16 of 2004. PG&E posted notices and mailed notices to addresses within three hundred (300) feet of the proposed route pursuant to the CPUC's General Order 131-D.

On July 7, 2004, the CPUC mailed letters to numerous local agencies, organizations, and individuals providing notice of an informational meeting that was held by the CPUC on July 22, 2004 at 1800 Oakdale Avenue in San Francisco regarding the Potrero-Hunters Point 115 kV Cable Project. On August 3, 2004, the CPUC mailed a second letter to the same mailing list announcing that the Draft Initial Study was available for public review. The CPUC established an information and comment telephone line, e-mail address and web site to enable the public to ask questions, provide comments and obtain additional information on the proposed Potrero-Hunters Point 115 kV Cable Project.

Due to a need to secure a settlement of the encroachment claim related to the Plant Property prior to negotiating a license agreement for the Potrero-Hunters Point 115 kV Cable Project and the impending construction schedule for the project, Port staff were unable to calendar the proposed license as a separate item on the agenda for the Southern Waterfront Advisory Committee (SWAC) in a timely manner. However, under the Real Estate report for the May 25, 2005 SWAC meeting, Port staff invited PG&E representatives to make a presentation about the project.

The consensus among SWAC members was that the notice to the SWAC about the proposed project was not sufficient relative to other Port Real Estate transactions.

On June 7, 2005, Supervisor Sophie Maxwell introduced a resolution urging the Port Commission to take actions necessary to facilitate the project and urging PG&E to secure tenancy in good standing with the Port of San Francisco. The resolution was co-sponsored by Supervisors Alioto-Pier, Ammiano, Dufty, Ma, McGoldrick and Peskin and is scheduled to be considered at the Board of Supervisors meeting on June 14, 2005.

PROPOSED SETTLEMENT AGREEMENT

The following are the elements of the proposed Settlement Agreement, subject to approval by the Port Commission:

1. Port approval of two non-exclusive Licensees between the Port and PG&E for the use of approximately 9,132 sq. ft. of Port property along the CPUC approved route for the Potrero-Hunters Point 115 kV Cable Project, in the vicinity of Illinois Street, 23rd Street, Tennessee Street, Marin Street and Evans Avenue, between Selby and Third Street. PG&E payment to the Port of $19,100 for the Licenses.

2. PG&E payment of $628,000 to the Port, with two additional payments of $140,000 before January 10, 2006 and January 10, 2007, for a total of $908,000, to settle the encroachment claim for 91,949 sq. ft. of Port property, known as the Hunters Point Plant Property. Port agreement to refrain from bringing an ejection with respect to the Hunters Point Plant Property until January 1, 2008 to allow for closure and post-closure activities including but not limited to environmental remediation. Port authorization to continue to use the Hunters Point Plant Property on a month-to-month basis for a CPI adjusted prorated annual fee of $140,000, subject to approval by the Board of Supervisors pursuant to Charter Section 9.118.

3. Port execution of a five (5) year interim lease with PG&E for 1,421 sq. ft. of the Port's portion of property formerly known as Davidson Street at a rental rate authorized in the Port Commission's adopted rental rate schedule for industrial land to preserve access to the Hunters Point Switchyard.

The Office of the City Attorney conducted a confidential appraisal of the Hunters Point Plant Property on October 8, 2004 and recommended a settlement based on a $137,000 annual payment, to be adjusted for time value of funds and CPI. Thus, the proposed $140,000 annual fee is slightly greater than the appraised value.

PROPOSED LICENSES

The approval timeline for this project has been complicated due to PG&E's initial assumptions that it could supplement existing state and local project approvals with a permit from the Port (rather than a license).

To accommodate the proposed construction timeline for the project in a manner that also preserves the Board of Supervisors approval of a long-term use agreement subject to Charter Section 9.118, Port staff recommend the use of two Licenses for the proposed Potrero-Hunters Point 115 kV Cable Project.

License I, if approved, will be for a nine (9) month term, sufficient to provide for construction of the facilities. License II, subject to Board of Supervisors approval, will be for a term of sixty five years, three months, for a total term of sixty six (66) years.

The proposed one-time fee for the Licenses is $19,100, based on an appraisal of the property conducted by PG&E. As stated above, the Office of the City Attorney conducted a confidential appraisal of transmission line route that is substantially similar to that selected by PG&E on

October 8, 2004 and concluded a recommended cost for sixty-six (66) years of $26,050 or approximately $7,000 greater than the negotiated one-time fee. Staff believes this is a negligible difference.

The terms and conditions of the Licenses are described below. The final form of the Licenses, including all exhibits and attachments, are on file with the Port Commission Secretary.

Grant of License (Section 1):	Non-exclusive license to enter upon and use that certain real property owned by the Port in the vicinity of Illinois Street, 23rd Street, Tennessee Street, Marin Street and Evans Avenue, between Selby Street and Third Street, located within Burton Act Parcels "L" and "M", as shown in License Exhibit A.
Use (Section 2):	Sole purpose of: (a) installing, maintaining and using a single circuit, 115-KV solid dielectric underground circuit consisting of three cables, depicted in the plans and specifications submitted in Port Building Permit Application Number 7039, including but not limited the right to excavate, construct, install, repair, reconstruct, replace, remove, maintain and use facilities for the transmission of electric energy and for internal PG&E communication purposes, consisting of one or more lines of underground wires and cables, conduits, pipes, manholes, service boxes and other electrical conductors, together with all necessary appliances and fixtures for use in connection therewith, certain underground pipes, conduits, cables, wires, and other structures related to the transportation and/or distribution of electric energy (collectively, the "Facilities"), and (b) restoring the License Area in accordance with the conditions set forth in the above referenced Port building permit application.
Term (Section 4):	License I: 9 months, commencing June 15, 2005 License II: 65 years,3 months commencing on parties execution
Fee (Section 5):	License I: $0 License II: $19,100
Removal/relocation of the Facilities (Section 9):	PG&E to remove or relocate without expense to Port or City any Facilities installed, used and maintained under the License hereby granted, if and when made necessary by any lawful change of grade, alignment or width of any street or right of way, or by any work to be performed under the governmental authority of the Port or the City. In the event that all or any portion of the Facilities occupying any unreasonably interferes with the operations of the Port's lessees, permittees, other Port occupants or licensees (hereafter "third party"), PG&E will relocate interfering Facilities another location reasonably acceptable to PG&E at the expense of the requesting party,

	upon 180 days after notice has been given.
Street Condition Security Deposit (Section 10):	$25,000 to secure the condition of the affected Port streets, to be returned at the completion of construction when the Chief Harbor Engineer certifies that streets have been reconstructed to the Port's satisfaction.
Insurance (Section 19):	Workers' Compensation, with Employers' Liability limits not less than $1,000,000 for each accident. Comprehensive General Liability Insurance with limits not less than $2,000,000 for each occurrence and $2,000,000 General Annual Aggregate Limit. Comprehensive Automobile Liability Insurance with limits not less than $1,000,000 each occurrence. Contractor's Pollution Legal Liability Insurance with combined single limit of $2,000,000 each claim, $5,000,000 aggregate. City and County of San Francisco, the San Francisco Port Commission and their officers, agents, and employees are named as Additional Insured.

Port staff recommends a Commission finding of consistency with the Public Trust based on the following facts:

1. The project, if approved, will allow closure of the Hunters Point Power Plant, thus ending that facility's reliance on San Francisco Bay for water to cool the facility;

2. Closure of the Hunters Point Power Plant will enable the City to positively respond to an environmental justice issue of major concern, particularly within the Bayview Hunters Point community;

3. The project will be restricted to public rights of way, within which public utility installations are an appropriate use; and

4. Efforts to improve the stability and capacity of the electric utility system serving San Francisco also benefit Port property and the public trust.

INTERIM LEASE OF DAVIDSON STREET

Upon approval of the Settlement Agreement, Port staff will execute a five (5) year interim lease with PG&E for 1,421 sq. ft. of the Port's portion of property formerly known as Davidson Street at a rental rate authorized in the Port Commission's adopted rental rate schedule for industrial land to preserve access to the Hunters Point Switchyard. Staff will utilize a standard form lease for this purpose.

Prepared by Brad Benson, Special Projects Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-37

WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and the San Francisco Charter Section B3.581 empower the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within the Port jurisdiction; and

WHEREAS, The Port Commission jurisdiction includes lands granted to the City and County of San Francisco (City) by the Burton Act, subject to the trust grant, that underlie the former and/or paper street areas known as Davidson, Ingalls, Custer, India and Evans Street, and shoreline areas in the vicinity (the Plant property); and

WHEREAS, Pacific Gas and Electric Company (PG&E) has used the Plant property for the Hunter's Point Power Plant, intake and outfall structures, supporting facilities and public access that it dedicated to BCDC as a condition of permit issuance, without first obtaining all necessary authorizations; and

WHEREAS, In April 2001, PG&E filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code and became a debtor in possession, and in October 2001, the City filed a claim asserting multiple debts and liabilities, including an encroachment claim with respect to the Plant property, which , as amended, claimed that PG&E encroached on 91,949 square feet of public trust property for which the Port was entitled to payment; and .

WHEREAS, On September 13, 2004 PG&E filed a Motion for Partial Summary Judgment or Adjudication (Limited to Hunter's Point Encroachment Claim) on Objection to City and County of San Francisco's Prepetition Claim [NO.12640] and First through Fifth Administrative /claims [Docket Nos. 11078, 12137, 14290, 14476, and 14903] (the "Summary Judgment Motion"), and the City filed a Motion to Amend; and

WHEREAS, The Encroachment Claim, the Motion to Amend and the Summary Judgment Motion are pending in U.S. Bankruptcy Court, N.D. Cal., Case No. 01-30923 DM, however, the Port and PG&E desire to resolve the dispute with respect to the Plant property and thereby facilitate the closure of the Hunter's Point Power Plant and to reach agreement on the land rights required for the construction of the Potrero-Hunters Point 115 kV Cable Project crossing Port property; and

WHEREAS, Pursuant to Charter Section B3.585, the City Attorney, with the approval of the Port Commission, may compromise, settle or dismiss any litigation or legal proceeding, pending for or on behalf of the Commission relative to any matter under its jurisdiction; and

WHEREAS, The Port is the State trust grantee of that certain real property located along a route extending from Illinois Street, 23rd Street, Tennessee Street, Marin Street

and Evans Avenue, between Selby Street and Third Street, within which PG&E intends to install, operate and maintain a single-circuit, 115-kV solid dielectric underground circuit consisting of three cables between the Potrero and Hunters Point switchyards ("Potrero-Hunters Point 115 kV Cable Project"); and

WHEREAS, The permitted right of way for the Potrero-Hunters Point 115 kV Cable Project is approximately 9132 sq. ft. in area, and shall include two power vaults (approximately 480 sq. ft.) and two communication vaults (approximately 45 sq. ft.); and

WHEREAS, The Potrero-Hunters Point 115 kV Cable Project will provide necessary upgrades to the electrical transmission system serving the City to improve reliability and increase capacity, as well as to provide a critical component needed to meet the goal of closing PG&E's Hunters Point Power Plant; and

WHEREAS, On November 10, 2004, the California Independent System Operator Board of Governors approved an action plan consisting of nine (9) transmission system upgrades necessary to remove "must-run" status from the Hunters Point Power Plant; and

WHEREAS, After conducting environmental review, the California Public Utilities Commission (CPUC) issued PG&E a Permit to Construct on December 2, 2004 that authorizes PG&E to construct the Potrero-Hunters Point 115 kV Cable Project subject to compliance with mitigation conditions listed in the CPUC's Final Mitigated Negative Declaration;

WHEREAS, As required by the CPUC, PG&E and the CPUC published public notifications in the San Francisco Chronicle of the application to construct the Potrero-Hunters Point 115 KV Cable Project on January 9 and 16 of 2004 and PG&E posted notices and mailed notices to addresses within three hundred (300) feet of the proposed route pursuant to the CPUC's General Order 131-D; and

WHEREAS, On July 7, 2004, the CPUC mailed letters to numerous agencies, organizations, and individuals providing notice of an informational meeting that was held by the CPUC on July 22, 2004 at 1800 Oakdale Avenue in San Francisco regarding the Potrero-Hunters Point 115 kV Cable Project and on August 3, 2004 mailed a second letter to the same mailing list announcing that the Draft Initial Study was available for public review; and

WHEREAS, The CPUC established an information and comment telephone line, e-mail address and web site to enable the public to ask questions, provide comments and obtain additional information on the proposed Potrero-Hunters Point 115 kV Cable Project; and

WHEREAS, The environmental effects of the proposed project were analyzed in a Final Mitigated Negative Declaration (MND), prepared for and approved on November 19, 2004 by the California Public Utilities Commission (CPUC), the lead agency

for the project; pursuant to all applicable requirements under the California Environmental Quality Act (CEQA) and the State CEQA Guidelines; and

WHEREAS, The MND includes mitigation measures which were approved and required by the CPUC as conditions of the project, which would reduce environmental impacts to a less than significant level; and

WHEREAS, In addition to the MND, Port staff reviewed the Port of San Francisco Final Supplemental Environmental Impact Report (SEIR) to determine whether any mitigation measures from that document also were applicable to this project, and found that the mitigation measures in the MND were consistent with or exceeded those applicable in the SEIR, and concurs with the analysis and conclusions presented in the Final MND; and.

WHEREAS, Pursuant to CEQA Guideline Section 15162, the Port staff has determined that no new information of substantial importance has become available, no modification to the project has occurred that would require important revisions to the MND, and no substantial changes have occurred with respect to the circumstances under which the project is undertaken, since the CPUC approved the MND, therefore, there is no need to conduct additional environmental review; and

WHEREAS, The Commission has received and reviewed the information presented in the Final MND, including the CPUC-required mitigation measures presented on pages 1-23 to 1-44 of the MND; and

WHEREAS, The Commission hereby adopts the Final MND for the PG&E 115 kV Cable Project, which fulfills all applicable requirements under CEQA and the State CEQA Guidelines as described on pp ES-1 to ES-2 of the MND; and

WHEREAS, The project, if approved, will allow closure of the Hunters Point Power Plant, thus ending that facility's reliance on San Francisco Bay for water to cool the facility; and

WHEREAS, Closure of the Hunters Point Power Plant will enable the City to positively respond to an environmental justice issue of major concern, particularly within the Bayview Hunters Point community; and

WHEREAS, The project will be restricted to public rights of way, within which public utility installations are an appropriate use; and

WHEREAS, Efforts to improve the stability and capacity of the electric utility system serving San Francisco also benefit Port property and the public trust; and

WHEREAS, PG&E has obtained Utility Excavation Permits from the City and County of San Francisco Department of Public Works to install facilities within the portions of the City streets along the proposed route; and

WHEREAS, On April 25, 2005, PG&E submitted a Port Building Permit Application Number 7039 to install facilities within the streets that are under Port's jurisdiction in conjunction with Potrero-Hunters Point 115 KV Cable Project; and

WHEREAS, On May 25, 2005, PG&E made an informational presentation to the Southern Waterfront Advisory Committee about the proposed project; now, therefore, be it

RESOLVED, The Commission has reviewed and considered the Final MND and finds that it is adequate, accurate, and objective, that there is no need to prepare additional environmental review, and that there is no substantial evidence that the Project will have a significant effect on the environment, and hereby adopts the Final MND; and be it further

RESOLVED, The Port Commission hereby approves the proposed settlement agreement recommended by the City Attorney dated June 14, 2005 between the City and County of San Francisco and Pacific Gas and Electric Company ("Settlement Agreement") on file with the Port Commission Secretary; and be it further

RESOLVED, The Commission hereby finds the Potrero-Hunters Point 115 kV Cable Project to be consistent with the public trust; and be it further

RESOLVED, The Commission hereby adopts and requires the inclusion and implementation of the mitigation measures set forth in the MND as conditions of approval of this project; and be it further

RESOLVED, The Commission hereby approves two non-exclusive Licenses ("License I and License II") between the Port and Pacific Gas and Electric Company (PG&E) for the use of Port property along the route for the Potrero-Hunters Point 115 kV Cable Project, in the vicinity of Illinois Street, 23rd Street, Tennessee Street, Marin Street and Evans Avenue, between Selby and Third Street, on file with the Port Commission Secretary, and authorizes the Executive Director to execute License I, and forward License II to the Board of Supervisors for its review and approval pursuant to Charter Section 9.118, and if approved, to execute License II; and be it further

RESOLVED, The Commission hereby authorizes the Port Executive Director to take such actions as may be necessary to effectuate the Settlement Agreement and, in her sole discretion, to extend either the terms of the Settlement Agreement related to PG&E's undisturbed use of the Hunters Point Plant Property or License I, subject to the limitations of Charter Section 9.118.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of June 14, 2005.

_____

Secretary

PROPOSED SETTLEMENT AGREEMENT

This is a confidential settlement communication subject to Federal Rule of Evidence 408 and California Evidence Code Section 1152 and 1154, prohibiting offers of compromise, as well as statements made in settlement negotiations, from being admitted to prove liability.

This SETTLEMENT AGREEMENT ("Agreement") is dated for convenience as of June 14, 2005 and is made and entered into by and between the CITY AND COUNTY OF SAN FRANCISCO ("City"), acting by and through the SAN FRANCISCO PORT COMMISSION ("Port"), and PACIFIC GAS AND ELECTRIC COMPANY ("PG&E").

This agreement is made with reference to the following facts and circumstances:

A. The City and County of San Francisco, acting by and through the San Francisco Port Commission, is the owner of certain real property, held in trust pursuant to the State Legislature's transfer of said property authorized in Chapter 1333 of the Statutes of 1968, as shown on Exhibit A attached hereto and incorporated herein by reference.

B. The San Francisco Charter Section B3.581 grants the Port Commission the exclusive power to grant leases, franchises, permits, licenses and privileges for purposes consistent with the trust upon which the lands are held by the State and with the requirements of commerce and navigation; provided that Charter Section 9.118 grants the Board of Supervisors final approval authority as to the fiscal provisions of Port leases or contracts for terms in excess of ten years or with anticipated revenue in excess of $1 million.

C. The City Attorney, with the approval of the Port Commission, may compromise, settle or dismiss any litigation or legal proceeding, pending for or on behalf of the Port Commission relative to any matter under its jurisdiction, pursuant to Charter Section B3.585.

D. In April 2001, PG&E filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code and became a debtor in possession (Federal I.D. No. 94-0742640). In October 2001, the City filed a claim, which asserted multiple debts and liabilities, including an encroachment claim with respect to the PG&E Hunter's Point Power Plant. Between November 2002 and March 2004, the City filed Administrative Claims, of which the Second, Third and Fifth related to the encroachment claim, and a Motion to Amend the encroachment claim, collectively asserting that PG&E encroached on 91,949 square feet of property under the jurisdiction of the Port, as described therein (the "Plant Property"), for which the Port was entitled to payment (hereafter "Encroachment Claim").

E. On September 13, 2004 PG&E filed a Motion for Partial Summary Judgment or Adjudication (Limited to Hunter's Point Encroachment Claim) on Objection to City and County of San Francisco's Prepetition Claim [NO.12640] and First through Fifth Administrative /claims [Docket Nos 11078, 12137, 14290, 14476, and 14903] (the "Summary Judgment Motion.") The Encroachment Claim, Motion to Amend and Summary Judgment Motion are pending in U.S.Bankruptcy Court, N.D. Cal., Case No. 01-30923 DM, Honorable Judge Dennis Montali presiding.

F. Port and PG&E desire to resolve the dispute with respect to the Plant Property and thereby facilitate the closure of the Hunter's Point Power Plant and to reach agreement on the land rights required for the construction of the Potrero-Hunters Point 115 KV Cable Project (the "Cable Project") on Port property. To that end the parties enter into this Settlement Agreement on the terms set forth herein, understanding that the terms of this Settlement Agreement will not be operative unless and until: PG&E has duly executed the Agreement; the Port Commission has authorized the Port Executive Director to execute the Agreement and License I for the construction period for the Cable Project and to forward License II for the Cable Project (for a combined sixty-six (66) year term) to the Board of Supervisors for approval, and the Director does so.

G. As evidence of the good faith under which the parties pursue resolution of the dispute, the Port has committed to bring this proposed Agreement and License I and License II to the Port Commission for its determination at its meeting on June 14, 2005, and PG&E has agreed to continue the hearing on its Summary Judgment Motion and the Port has agreed to extend the hearing on its Motion to Amend for a period of ninety (90) days to avoid the necessity of incurring additional legal expenditures pending the effectiveness of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. The Port Commission will authorize the Port Executive Director to execute two License agreements for the installation, use and maintenance of the Potrero-Hunters Point 115 kV Cable Project on Port property along a route as shown on Exhibit B (the "Cable Property"), attached hereto and incorporated herein by reference, in the forms attached hereto as Exhibit C, and incorporated herein by reference ("License I" and "License II", collectively the "License"). License I shall be for a nine (9) month term, the estimated construction period for the Cable Project, and License II shall be for a 66-year term. Upon Port Commission approval of a Resolution authorizing the Port Executive Director to execute the License, and forward License II to the Board of Supervisors for approval pursuant to its authority under Charter Section 9.118, the Port Executive Director will execute License I, and submit License II to the Board for approval, with all necessary documentation to allow the matter to be calendared for Board action. License I will be effective for nine (9) months, and may be extended by mutual agreement of PG&E and the Port Executive Director, each in their sole discretion, subject to the Charter limitations. Upon Board of Supervisors approval of License II, the Executive Director will execute License II, and the License shall be for a term of sixty-five years, three months, for a combined term of sixty-six (66) years. PG&E shall comply with all laws and regulations applicable to the installation, operation and maintenance of the Cable Project. The License shall grant PG&E the right to maintain and operate the 115 kV underground electric transmission line, along with two fiber optic communication cables (for purposes of internal PG&E communications only) on Port property in the right of way. The permitted right of way shall be along the route extending from Illinois Street, 23rd Street, Tennessee Street, Marin Street and Evans Avenue, between Selby Street and Third Street, as approved by the CPUC. The permitted right of way is approximately 9,132 sq. ft. in area, and shall include two power vaults

(approximately 480 sq. ft.) and two communication vaults (approximately 45 sq. ft.). PG&E agrees that the License is a for a non-exclusive use, and it will remove or relocate without expense to the City or Port any facilities installed, used and maintained under the License, if and when made necessary by any lawful change in grade, alignment or width of any street, by any work to be performed under the governmental authority of the City or Port, or as required by the abandonment at the expiration of the term of the License.

2. PG&E will pay the Port Six Hundred Twenty Eight Thousand dollars ($628,000) within ten (10) business days of the effective date of this Agreement, which shall be the first date upon which all of the following have been accomplished: (a) Port Commission approval and the parties execution of this Agreement, (b) Port Commission approval and the parties execution of License I, and (c) issuance of a Port building permit for the Cable Project, (the "Effective Date".) PG&E agrees to pay to the additional amount of Port One Hundred Forty Thousand dollars ($140,000) on or before January 10, 2006 and an additional One Hundred Forty Thousand dollars ($140,000) on or before January 10, 2007. The Port Commission shall approve License II with a rental rate not to exceed a one-time payment of Nineteen Thousand One Hundred dollars ($19,100).

3. The City, acting by and through the Port Commission, will withdraw its Encroachment Claim and Motion to Amend, with prejudice, including the Encroachment Claim portions of administrative expense claims within ten (10) business days following the Effective Date of this Agreement upon receipt of the payment required by this date under paragraph 2

above, and will file in the Bankruptcy Court a satisfaction of the claim, the administrative expense claims, and proposed amendments of the claims.

4. The City, acting by and through the Port Commission, agrees to refrain from exercising its property right to bring an action to eject PG&E from the Plant Property or to otherwise attempt to obtain possession of the Plant Property until January 1, 2008. This date may be extended by mutual agreement of the parties, subject to the Board of Supervisors' approval pursuant to Charter Section 9.118. The Port's agreement to refrain from pursuing ejectment or possession of the Plant Property is intended to continue only so long as PG&E's occupancy is necessary to continue Hunters Point Power Plant operation ordered by Independent System Operator (ISO), and to complete decommissioning of the Power Plant and site remediation of hazardous materials. If necessary for the aforementioned purposes, the Port will allow the occupancy to continue beyond December 31, 2007 on a month to month basis, for a prorated payment based upon a One Hundred Forty Thousand dollar ($140,000) annual payment ("Payment), subject to a payment adjustment escalated by Consumer Price Index (Urban) as described below, provided that the Board so authorizes an extension of the term of this Agreement pursuant to its authority under Charter Section 9.118. Commencing on January 1, 2008, and on each annual anniversary date (the "Anniversary Date") thereafter, the payment shall be adjusted on the first day of the month that immediately follows the Anniversary Date and on the same date in each succeeding year in direct proportion to the percentage increase in the Current CPI Index (Urban) for the month immediately preceding the applicable anniversary date ("Current Index") over the CPI index for the month of January 2007 ("Base Index"). In no case shall the Payment, as adjusted, be less than the Payment in effect immediately prior to the Anniversary Date. If the Current Index has increased over the Base Index, the adjusted Base

Rent shall be determined by multiplying the Base Rent by a fraction, the numerator of which is the Current Index and the denominator of which is the Base Index.

Port will negotiate in good faith with PG&E for an amendment to this Agreement in the event that PG&E seeks to surrender possession to the Port of a portion of the Plant Property prior to the January 1, 2008, provided that the Port can use the portion for its own purposes, PG&E has completed remediation of hazardous materials within that portion, if any, as may be required by a State order, if any, and Port can obtain reasonable access to the portion proposed for surrender. Any such amendment shall provide for a proportionate reduction in rent.

5. PG&E agrees to indemnify and hold Port, City, and their officers, directors, employees, agents, and contractors, and their respective heirs, legal representatives, successors and assigns ("Agents") harmless from, and, if requested, shall defend them against any and all claims, direct or vicarious liability, damage, injury or loss, including property damage or bodily injury or death, arising directly or indirectly out of: **(a)** any default by PG&E in the observance or performance of any of the terms, covenants or conditions of this Agreement, or **(b)** the use, occupancy or condition of the Plant Property or the activities therein by PG&E, or its Agents or invitees. This indemnity shall be enforceable regardless of the negligence of Port or City and regardless of whether liability without fault is imposed or sought to be imposed on Port or City. This indemnity shall be enforceable except to the extent stated below and to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on, or validly retroactive to, the date of this Agreement. This indemnity applies regardless of the active, passive or comparative negligence of Port, City or their Agents. This indemnity shall exclude claims, liability, damage or loss resulting from the sole negligence or willful misconduct of Port or City

which is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on, PG&E, or its Agents or invitees. In addition to PG&E's obligation to indemnify Port and City, PG&E specifically acknowledges and agrees that it has an immediate and independent obligation to defend Port and City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent. PG&E's obligation to defend shall arise at the time such claim is tendered to PG&E by Port and/or City and shall continue unless and until it is adjudicated that there is no potential for indemnification under this provision. If PG&E accepts Port's and /or City's tender of defense, PG&E may employ counsel of its choice, subject to the prior approval of by the City Attorney, which shall not be unreasonably withheld. The foregoing indemnity obligation of PG&E shall include without limitation, indemnification from all loss and liability, including attorney's fees, court costs and all other litigation expenses. This indemnification by PG&E shall begin from the City's or Port's indemnification tender. The provisions of this section shall survive the expiration or earlier termination of this Agreement with respect to any damage, destruction, injury or death occurring prior to such expiration or termination.

6. PG&E, at its sole cost and expense, shall maintain, or cause to be maintained, throughout the term of this Agreement, the following insurance:

(a) General Liability Insurance. - Comprehensive or commercial general liability insurance, with limits not less than One Million Dollars ($1,000,000.00) each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, independent contractors, broad form property damage, personal injury, products and completed operations, and fire damage and legal liability with limits not less than Two Hundred Fifty Thousand Dollars ($250,000.00).

(b) Automobile Liability Insurance. Comprehensive or business automobile liability insurance with limits not less than One Million Dollars ($1,000,000.00) each occurrence combined single limit for bodily injury and property damage, including coverages for owned and hired vehicles and for employer's non-ownership liability, which insurance shall be required if any automobiles are operated on the Plant Property.

(c) Worker's Compensation Insurance, U.S. Longshore and Harborworker's Act Insurance and Jones Act Insurance with employer's liability limit not less than One Million Dollars ($1,000,000.00) for each accident, on employees eligible for each.

(d) PG&E shall have the right to self-insure with respect to any of the insurance requirements required under this Agreement. In the event that PG&E elects to self-insure, on or before the Effective Date, and subsequently upon written request by the Port, PG&E shall submit to the Port a certificate of self-insurance signed by a duly authorized representative of PG&E evidencing that PG&E's self-insurance program is in full force and effect and in compliance with all the terms, agreements, covenants, conditions and provisions of this Agreement.

(e) Claims-Made Policies. If any of the insurance required is provided under a claims-made form of policy, PG&E shall maintain such coverage continuously throughout the term and without lapse for a period of three years beyond the term of this Agreement, to the effect that should occurrences during the term give rise to claims made after the expiration or earlier termination of this Agreement, such claims shall be covered by such claims-made policies.

(f) Annual Aggregate Limits. If any of the insurance required is provided under a form of coverage which includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be double the occurrence limits specified herein.

(g) Payment of Premiums. PG&E shall pay the premiums for maintaining all required insurance.

(h) Waiver of Subrogation Rights. The parties release each other, and their respective authorized representatives, from any claims for damage to the Plant Property or to the fixtures, personal property, Improvements or Alterations of either Port or PG&E in or on the Plant Property which are caused by or result from risks insured against under any property insurance policies carried by the parties and in force at the time of any such damage, to the extent such claims for damage are paid by such policies. Each party shall cause each property insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against the other party in connection with any damage covered by any policy.

(i) General Insurance Matters. The following provisions shall apply generally with respect to required insurance coverage. **(i)** All liability insurance policies required to be maintained by PG&E hereunder shall contain a cross-liability clause, shall name as additional insureds **"THE CITY AND COUNTY OF SAN FRANCISCO AND THE SAN FRANCISCO PORT COMMISSION AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS,"** shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Agreement, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability. **(ii)** All insurance policies required to be maintained by PG&E hereunder shall be issued by an insurance company or companies reasonably acceptable to Port. PG&E's compliance with this Section shall in no way relieve or decrease PG&E's liability under this Agreement. (iii) All insurance policies required to be maintained by PG&E hereunder shall provide for thirty (30) days prior written notice of

cancellation or intended non-renewal or reduction in coverage to PG&E and Port. Such notice shall be given in accordance with the notice provisions of this Agreement. (iv) PG&E shall deliver to Port certificates of insurance and endorsements in a form satisfactory to Port evidencing the coverages required herein, together with evidence of payment of premiums, on or before the Effective Date, and upon renewal of each policy not less than thirty (30) days before expiration of the term of the policy. PG&E shall, upon Port's request, promptly furnish Port with a complete copy of any insurance policy required hereunder. **(v)** Not more often than every year and upon not less than sixty (60) days prior written notice, Port may require PG&E to increase the insurance limits set forth above if Port finds in its reasonable judgment that it is the general commercial practice in San Francisco to carry insurance in amounts substantially greater than those amounts carried by PG&E with respect to risks comparable to those associated with the use of the Plant Property.

7. PG&E, at its sole cost and expense, promptly shall comply with all laws relating to or affecting the condition, use or occupancy of the Plant Property in effect either at the time of execution of this Agreement or which may hereafter be in effect at any time during the term, whether or not the same are now foreseeable or contemplated by the parties. PG&E understands and agrees that Port is entering into this Agreement in its capacity as a landowner with a proprietary interest in the Plant Property and not as a regulatory agency of the City with certain police powers. Port's legal status as an agency of City shall in no way limit the obligation of PG&E to obtain any required approvals from City departments, boards or commissions, which have jurisdiction over the Plant Property, including Port. By entering into this Agreement, Port is in no way modifying or limiting the obligation of PG&E to cause the Plant Property to be used

and occupied in accordance with all laws. PG&E understands that PG&E's operations on the Plant Property, changes in use, or improvements or alterations to the Plant Property may require an authorization, approval or a permit as required by any governmental agency having jurisdiction over the Plant Property, including but not limited to the Bay Conservation and Development Commission ("BCDC"), (a "Regulatory Approval"). PG&E shall be solely responsible for obtaining any such Regulatory Approval, and PG&E shall not seek any Regulatory Approval nor agree to any obligations, conditions, charges or other liabilities imposed on the Plant Property, Port or other property held by the Port by any regulatory agency as part of a Regulatory Approval without first obtaining the written consent of Port. Port's consent to PG&E filing a permit application with BCDC to amend its existing BCDC permit(s) will not be unreasonably withheld, and Port will cooperate with PG&E to provide necessary information to BCDC; provided that nothing herein limits Port's right to comment and object to any proposed amendment by PG&E of its existing BCDC permit(s). All costs associated with applying for and obtaining any necessary Regulatory Approval shall be borne by PG&E. PG&E shall be solely responsible for complying with any and all conditions imposed by regulatory agencies as part of a Regulatory Approval. Any fines or penalties imposed as a result of the failure of PG&E to comply with the terms and conditions of any Regulatory Approval shall be paid and discharged by PG&E, and Port shall have no liability, monetary or otherwise, for said fines and penalties. To the fullest extent permitted by law, PG&E agrees to indemnify and hold City, Port and their Agents harmless from and against any loss, expense, cost, damage, attorneys' fees, penalties, claims or liabilities which City or Port may incur as a result of PG&E's failure to obtain or comply with the terms and conditions of any Regulatory Approval.

8. Port agrees to execute a Lease agreement for a five (5) year term for approximately 1,421 square feet of the Port's portion of property formerly known as Davidson Street, immediately adjacent to PG&E's switchyard and now used as an access driveway to the switchyard, as described in Exhibit D to this Agreement, and as shown on Exhibit A to the Lease (the "Lease Premises"), at a rental rate authorized in the Port Commission's adopted rental rate schedule for industrial land, and subject to the Port's standard form Lease agreement attached hereto as Exhibit E, to preserve the access road to the existing Switchyard. The Lease will limit the use of the Lease Premises to substation, switchyard and related uses only; and prohibit the use for electric generation. Port agrees to negotiate in good faith for either a longer term lease agreement for the Lease Premises, or, at no cost to the Port, an exchange of the public trust character of the Lease Premises to an appropriate alternative location to enable the sale of the Lease Premises to PG&E, subject to all applicable laws, including approval by the Board of Supervisors and any other necessary local or State boards, commissions or agencies.

9. This Agreement may be amended or modified only in writing, subject to San Francisco Port Commission approval, and executed by both the Parties. No waiver by any Party of any of the provisions of this Agreement shall be effective unless in writing and executed, as to City, by the Executive Director of the Port, and as to PG&E, by an officer so authorized, and only to the extent expressly provided in such written waiver. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, representatives, successors and assigns.

10. The parties represent and warrant that they have the full right and power to grant

the rights, and to perform the obligations, and that there are no outstanding agreements, assignments or encumbrances inconsistent with the provisions of the rights and obligations contained herein. Port further represents and warrants that it has obtained any and all necessary approvals that may be required by state law or regulation, and by county and city law or ordinance, to enter into this Agreement.

11. The parties understand that the matters described in the Recitals above are disputed by all parties affected by this Agreement, and this Agreement is a compromise, and shall not be construed or treated as an admission of liability or responsibility, or an admission of non-liability or non-responsibility, by any party, at any time or for any purpose.

12. Each party shall bear its own costs, attorney's fees and other fees incurred in connection with the Encroachment Claim, the Motion to Amend, the Summary Judgment Motion and the negotiation and approval of this Agreement and related documents.

13. All disputes, claims and causes of action in law or equity arising from or relating to this Agreement or its enforcement, performance, breach or interpretation ("Disputes") shall be resolved by good faith efforts of the Parties. The parties agree that they will complete a mediation ninety (90) days prior to filing any action in any Court relating to any Disputes, and that the completion of the mediation is a condition precedent to the right of the parties to file such an action. In the event that the parties are unable to otherwise agree on a mediator, the parties will use a mediator appointed by the Judicial Arbitration and Mediation Service ("JAMS") office in San Francisco. All costs relating to the mediation services under this

paragraph will be borne equally between the parties to the mediation. In the event good faith efforts at resolution are unsuccessful, the non-breaching party shall be entitled to injunctive relief, as well as damages sustained and the recovery of reasonable attorney's fees and costs. For purposes hereof, reasonable attorneys' fees of Port and PG&E shall be based on the fees regularly charged by private attorneys with comparable experience who are employed by firms of similar size to the City Attorney's Office and the PG&E Law Department in San Francisco.

14. The Parties warrant that no promise or inducement has been made or offered except as set forth herein as consideration for the Agreement and that they are represented by legal counsel who have advised of the effect of this Agreement, which is executed under the advice and approval of said counsel. It is expressly understood and agreed that this Agreement shall be interpreted according to the laws of the State of California and shall be deemed jointly drafted by the Parties, hereto; therefore any ambiguity shall not be construed against one party and in favor of another. The section and other headings of this Agreement are for convenience of reference only and shall be disregarded in the interpretation of this Agreement.

15. The Parties warrant and represent that they have consulted with legal counsel and were advised by their counsel concerning the meaning and effect of this Agreement. Each of the Parties represents and warrants that it has read and fully understood the terms of this Agreement, and that it freely and voluntarily enters into and executes this Agreement without undue influence by any person and without relying on any promises, conditions, terms, statements or representations not expressly contained in this Agreement.

16. This Agreement may by executed in counterparts, whereby each party may execute a duplicate original thereof, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

17. Notices with respect to this Agreement shall be in writing, and given by delivering the notice in person, by commercial courier or by sending it by registered or certified mail, or Express Mail, return receipt requested, with postage prepaid, to the mailing address listed below or any other address, notice of which is given.

To Port: Port Executive Director: Port of San Francisco, Pier 1, The Embaracadero, San Francisco CA, 94111, with a copy to Port General Counsel: Port of San Francisco, Pier 1, The Embarcadero, San Francisco, CA 94111

To PG&E: Pacific Gas and Electric Company, Attn: Land Rights Supervisor, Mail Code N10A, P.O. Box 770000, San Francisco, CA 94177, with a copy to Law Department, Pacific Gas and Electric Company, P.O.Box 7442, Mail Code 3103-B30A, San Francisco, CA 94120, Attn:Grant Guerra, Esq.

Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

IN WITNESS WHEREOF, the Parties have duly authorized and caused this AGREEMENT to be executed as follows:

Dated: _____ By_____

MONIQUE MOYER

AUTHORIZED REPRESENTATIVE OF

CITY AND COUNTY OF SAN FRANCISCO,

acting by and through the SAN FRANCISCO

PORT COMMISSION AND THE PORT OF

SAN FRANCISCO

Authorized by Port Commission Resolution

No. _____, adopted on

June 14, 2005.

Dated: _____ By_____

Dated: _____ By_____

PORT OF SAN FRANCISCO

MEMORANDUM

June 10, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Request for approval of revisions to the five-year Non-Exclusive Management Agreement with Marine Terminals Corp. for management of the cargo terminal at Pier 80.

DIRECTOR'S RECOMMENDATION: APPROVE REVISIONS TO FIVE-YEAR NON-EXCLUSIVE TERMINAL MANAGEMENT AGREEMENT WITH MARINE TERMINALS CORPORATION MANAGEMENT OF THE CARGO TERMINAL AT PIER 80.

Background

On February 22, 2005, the Port Commission approved a proposed five-year non-exclusive Management Agreement with Marine Terminals Corporation (MTC) for management and operation of the Port's cargo terminal at Pier 80, under Resolution No. 05-18. The effective date of the agreement is retroactive to January 1, 2005.

The proposed Management Agreement, which received the Commission's approval, contained the Port's standard provisions relating to indemnification and exculpation, concerning claims and damages. After the Commission's approval of the proposed agreement and prior to execution of the agreement, MTC requested a material revision to the Indemnity and Exculpation clause on the advice of its attorney. After reviewing the clause, Port staff, in consultation with the City Attorney's Office, has negotiated mutually acceptable changes to the original wording contained in paragraph 14 of the agreement, entitled Indemnity and Exculpation. The Port and MTC have agreed upon final language that is the same language approved by the Port Commission for the Metropolitan Stevedore Management Agreement for the Pier 35 Cruise Terminal. A copy of the revised language is attached to this report, with the changed text shown in "red-lined" format for your ease of reference.

This Print Covers Calendar Item No. 8A

In addition, Port staff and MTC have agreed to revise the wording of paragraph 10.3 (entitled Termination of Use of Shed D), to clarify the parties' intent that the condition of minimum cargo volume begins in Contract Year two, and continues thereafter. A copy of the revised language is attached to this report, with the changed text shown in "red-lined" format for your ease of reference.

As an update, under paragraph 4.4 (entitled Steel Equalization Payments), effective July 1, 2005, the Port's equalization payments will be reduced to $2.25 per metric ton, from the current $2.50 per metric ton. The steel equalization payments were implemented to help offset the additional cost of trucking associated with crossing the Bay Bridge versus picking up cargo in the East Bay. As future conditions permit, these payments will be phased out.

All other terms of the proposed agreement remain unchanged, as approved by the Commission on February 22, 2005 which include the following:

1. Premises:
   Approximately 2,607,502 square feet, including the four container cranes, Sheds A and D, portions of the yard and vessel berths A, B, and C.

2. Term:
   This agreement shall run for five years from its commencement date. Either party may terminate the Agreement after six months from the commencement date without penalty for any reason upon ninety days prior written notice.

3. Financial Terms:

   Revenue Sharing Payments to MTC as follows:

   (a) In consideration for MTC's performance, Port will pay MTC $35,000 each month.

   (b) In addition to the Monthly Payment, MTC will share in Port Gross Revenues as follows:

   50% of Port Gross Revenues from the first $800,000 generated in each Contract Year.
   40% of Port Gross Revenues from $800,000 to $1,200,000 generated in each Contract Year.
   20% of Port Gross Revenues in excess of $1,200,000 generated in each Contract Year.

4. Maintenance. During the term of the Management Agreement, Marine Terminals Corp. is responsible to keep the Facility in a neat, clean, safe and orderly condition, excepting structural elements, container cranes, railroad and crane trackage, yard lighting, sprinkler system, roll-up doors, and dredging.

5. Additional Services. Marine Terminals Corp. shall maintain sufficient personnel, equipment, and contracted services in order to provide a level of customer service equal to or exceeding other West Coast break bulk terminals, and shall specifically undertake full responsibility for the following items:

   - Servicing of vessels landing at the Facility.
   - Receipt, handling, loading, discharging, storage, transporting and delivery of cargo in connection with vessels landing at the Facility.

- Office and gear space used in connection with its management of the Facility.
- Supplying sufficient security guard manpower for compliance with the appropriate Facility Security Plan (FSP) required by the Marine Transportation Security Act of 2002 (MTSA) guidelines, including any amendments or changes to the FSP during the term of this agreement.

6. Termination Rights:

After the first six months of the Agreement, either party may terminate the Management Agreement with 90 days prior written notice without penalty.

Additionally the Agreement also allows the Port to take Shed D out of the Facility to use for other non-cargo related activity, if cargo tonnage falls below 100,000 Metric Tons in the second year of the Agreement or thereafter.

For informational purposes, staff wishes to advise the Commission of pending negotiations with the San Francisco Department of Public Health and the California Department of Health Services concerning a "Memorandum of Understanding For Emergency Use of Facilities" (MOU) at Pier 80 in the event of a bio-hazard terrorist act. Marine Terminals Corporation is aware of these negotiations. Once the Memorandum of Understanding has been finalized we will seek Commission approval to amend the management agreement with MTC to reflect the terms of the MOU.

Staff recommends approval of these revisions to the non-exclusive Management Agreement with Marine Terminal Corporation.

Prepared by: J. Simpson-Rodby, Maritime Marketing Manager

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-38

WHEREAS, Section B3.581 of the City Charter empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control waterfront properties of the City and County of San Francisco; and

WHEREAS, The Port holds in trust and subject to its lawful disposition certain maritime facilities located at the Cargo Terminal at Pier 80 (hereinafter "Pier 80 Cargo Facility") situated in the City and County of San Francisco; and

WHEREAS, The San Francisco Port Commission previously approved a proposed Nonexclusive Management Agreement with Marine Terminals Corporation for terminal operation services at the Pier 80 Cargo Facility, on such terms and conditions as described in the Memorandum for Agenda Item 7A at the Port Commission meeting of February 22, 2005; and

WHEREAS, The Port and Marine Terminals Corporation desire to revise the language of paragraph 14 of the proposed Nonexclusive Management Agreement, which is entitled, Indemnity and Exculpation, as described and referenced in the staff memorandum for Agenda Item 8A; and

WHEREAS, The Port and Marine Terminals Corporation desire to clarify the parties' intent that the condition of minimum cargo volume, as set forth in paragraph 10.3 (entitled Termination for Use of Shed D) of the proposed Nonexclusive Management Agreement, shall commence in Contract Year two and continue thereafter, as described and referenced in the staff memorandum for Agenda Item 8A; now therefore, be it

RESOLVED, The San Francisco Port Commission hereby authorizes and directs the Executive Director to execute the proposed Nonexclusive Management Agreement dated January 1, 2005, with the revisions to paragraph 14 and to paragraph 10.3, as described and referenced in the staff memorandum for Agenda Item 8A for the Port Commission meeting of June 14, 2005, and in such form as shall be approved by the City Attorney's office; and be it further

RESOLVED, That the San Francisco Port Commission hereby authorizes the Executive Director to execute all additions, amendments or modifications to the Nonexclusive Management Agreement, which do not materially alter the rights or obligations of the parties or compensation due, as determined by the Executive Director in consultation with the City Attorney's office.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 14, 2005.

_____
Secretary

Proposed Revision to

Nonexclusive Management Agreement

Between

The San Francisco Port Commission

And

Marine Terminals Corporation

Paragraph 14. Indemnity and Exculpation.

14.1 Exculpation.

Management Contractor, as a material part of the consideration to be rendered to Port, hereby waives any and all claims against Port, City and its officers, agents and employees and agrees to hold Port and City and their officers, agents and employees harmless from any claims for damages to goods, wares, goodwill, merchandise, equipment or business opportunities and by persons in, upon or about said Facility for any cause arising at any time, including all claims arising from the joint or concurrent negligence of Port or City, or their officers, agents, or employees, but excluding any negligent or harmful acts committed solely by Port or City.

14.2 Indemnity.

Management Contractor shall hold Port, City and their officers, agents and employees harmless from, and, if requested, shall defend them against, any and all claims, direct or vicarious liability, damage or loss arising directly or indirectly out of:

(a) any injury to or death of any person; including employees of Management Contractor, or damage to or destruction of any property occurring in, on or about the Facility, or any part thereof, from any cause whatsoever, or

(b) any default by Management Contractor in the observance or performance of any of the terms, covenants or conditions of this Agreement, or

(c) the use, occupancy or condition of the Facility or Management Contractor's activities therein. This indemnity shall be enforceable regardless of the negligence of Port or City, and regardless of whether liability without fault is imposed on the Port or City.

This indemnity shall be enforceable except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on, or validly retroactive to, the date of this Agreement. This indemnity includes all such loss, damage, injury, liability or claims as described above, including, without limitation, loss predicated in whole or in part, upon active or passive negligence of Port, City or their Agents. This indemnity shall exclude claims, liability, damage or loss resulting solely and exclusively from the negligent or harmful acts of the Port or City which are not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Management Contractor, its Agents or Invitees.

In addition to Management Contractor's obligation to indemnify Port and City, Management Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Port and City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent.

Management Contractor's obligation to defend shall arise at the time such claim is tendered to Management Contractor by Port and/or City and shall continue at all times thereafter.

The foregoing indemnity obligation of Management Contractor shall include without limitation, indemnification from all loss and liability, including attorney's fees, court costs and all other litigation expenses. This indemnification by Management Contractor shall begin from the date Management Contractor shall receive the first notice that any claim or demand is or may be made. The provisions of this section shall survive the termination of this Agreement with respect to any damage, destruction, injury or death occurring prior to such termination.

10.3 Termination of Use of Shed D

~~If cargo volumes fall below 100,000 Metric Tons (MT) during the entire second Contract Year, then during the third Contract Year, and each subsequent Contract Year, Port reserves the right, in its sole discretion, to remove Shed D from the area defined as Facility and utilize Shed D for other Port uses.~~

Commencing with the second Contract Year and each subsequent Contract Year, annual cargo volumes must equal or exceed 100,000 metric tons as a condition to Shed D remaining in the area defined as Facility. If cargo volume is less than 100,000 metric tons during any entire Contract Year after the first Contract Year, then during the Contract Year subsequent to the Contract Year in which cargo volumes fell below 100,000 metric tons, Port shall have the right, in its sole discretion, to remove Shed D from the Facility and utilize Shed D for other Port uses.

PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on Hanson Aggregates Purchase of Mission Valley Bode's Share of Mission Valley/Bode Lease

DIRECTOR'S RECOMMENDATION: No Action Required.

Background

In June of 2001, Bode Gravel Company and Mission Valley Rock Company formed a joint venture (Bode/Mission Valley) to enter into a lease with the Port at Pier 92 for a ready-mix concrete plant and importation of aggregate through the existing dry bulk marine terminal that was under lease to Mission Valley Rock Company. At the Port Commission meeting of June 12, 2001, under Resolution No. 01-45, the Commission approved Lease No. L-12507.

Under the terms of the joint venture agreement, Bode Gravel Company's share was 69% while Mission Valley Rock Company's portion was 31%.

Recently, Hanson Aggregates Mid-Pacific, Inc. has acquired 100% of the outstanding capital stock of Mission Valley Rock Company joint venture portion of Bode/Mission Valley. As stated above this amounts to 31% of the joint venture, while Bode Gravel Company is maintaining their 69% share. Hanson's acquisition of 31% of the lease does not constitute a transfer of the lease under Item 21 Assignment and Subletting of Lease No. L-12507; therefore, Commission approval is not required. The sale to Hanson of the Lease is not expected to have any adverse impacts on the city's interests with respect to the Lease. After the acquisition, Mission Valley Rock Company (wholly owned by Hanson Aggregates) will continue to occupy the premises described in the Lease, will conduct the same business operations that are currently conducted at the premises and will continue to perform its obligations under the Lease.

Hanson Aggregates is a tenant in good standing with the Port with current leases at Pier 92 and Pier 94. Letters from all three parties, Hanson Aggregates Mid-Pacific, Inc, Bode Gravel Company and Mission Valley Rock Company have been received by the Port outlining the terms of their negotiations. Copies of these letters are attached for your information.

Prepared by: J. Simpson-Rodby, Maritime Marketing Manager

This Print Covers Calendar Item No. 8B

Hanson

Hanson Building
Materials America
2680 Bishop Drive, Suite 225
San Ramon, CA 94583-4280
Tel 925 328 1800
Fax 925 328 1808

May 13, 2005

Commercial Property Manager
Port of San Francisco
Pier 1
San Francisco, CA 94102

Ladies and Gentlemen:

I am writing on behalf of Hanson Aggregates Mid-Pacific, Inc., a Delaware corporation ("Hanson"). Reference is hereby made to Lease No. L-12507 dated March 13, 2001, by and between the City and County of San Francisco, a municipal corporation ("City"), acting by and through the San Francisco Port Commission, on the one hand, and Mission Valley Rock Co., a California corporation ("MVR"), and Bode Gravel Company, a California corporation ("Bode"), collectively a joint venture, on the other hand (the "Lease"), respecting premises at Wharf 92 in the City and County of San Francisco (the "Premises").

This letter is to notify City of the impending acquisition of 100% of the outstanding capital stock of MVR by Hanson, which stock acquisition is anticipated to close before the end of May 2005 (the "Acquisition"). Upon completion of the Acquisition, MVR will be wholly-owned by Hanson.

Hanson believes the Acquisition will have no adverse impact on the City's interests with respect to the Lease. After the Acquisition, MVR will continue to occupy the Premises, will conduct the same business operations that are currently conducted at the Premises, and will continue to perform its obligations under the Lease.

Because MVR's interest in the joint venture and the leased premises is 31% we believe the acquisition by Hanson does not constitute an assignment, subletting or transfer pursuant to Section 21 of the Lease, i.e., less than 50% of the lessee's interest is being acquired.

Please countersign this letter and return a copy to the undersigned to evidence your agreement with us.

Very truly yours,

HANSON AGGREGATES MID-PACIFIC, INC.

By _____
Its VICE PRESIDENT

Enclosure
cc: Noreen Ambrose
Jill Simpson-Robny

Consent: **CITY AGREES THAT THE ACQUISITION BY HANSON OF THE CAPITAL STOCK OF MVR DOES NOT CONSTITUTE A "TRANSFER" OF THE LEASE.**

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through
the San Francisco Port Commission

By: Monique L. Moyer

DE GRAVEL COMPANY | BODEMIX CONCRETE

May 20, 2005

Jill Simpson-Rodby
Maritime Marketing Manager
Port of San Francisco
Pier 1
San Francisco Ca 94111

Dear Jill;

This letter is to confirm our conversation about Hansen Aggregates Purchase of Mission Valley Rock. Our agreement with Mission Valley Rock divides our lease responsibilities and usage with 69% for Bode Gravel and 31% for Mission Valley Rock. Bode Gravel has no objections to the proposed sale based on our understanding that it will have no adverse affect on the terms of our lease.

Sincerely,

Dan Boardman
President, Bode Gravel Company

606 AMADOR STREET • SAN FRANCISCO, CA 94124-1241 • (415) 920-7100 • FAX (415) 920-7106

MISSION VALLEY / ROCK COMPANY
ASPHALT COMPANY
READY MIX COMPANY

7999 ATHENOUR WAY SUNOL, CA 94586 (510) 862-2257

May 2, 2005

Commercial Property Manager
Port of San Francisco
Pier 1
San Francisco, CA 94102

Ladies and Gentlemen:

I am writing on behalf of Mission Valley Rock Co., a California corporation ("Tenant"), which leases premises at Wharf 92, in the City and County of San Francisco, California from the City and County of San Francisco, a municipal corporation ("City"), acting by and through the San Francisco Port Commission. Reference is hereby made to Lease No. L-12507 dated March 13, 2001, by and between City on the one hand and Tenant and Bode Gravel Company, a California corporation, collectively a joint venture, on the other hand (the "Lease").

This letter is to notify City of the impending acquisition of 100% of the outstanding capital stock of Tenant by Hanson Aggregates Mid-Pacific, Inc., a Delaware corporation ("Hanson"), which stock acquisition is anticipated to close on or before May 15, 2005 (the "Acquisition'). As part of this Acquisition, Tenant will remain the tenant under the Leases, but Tenant will be wholly owned by Hanson. Under the terms of the Lease, the Acquisition constitutes a transfer of the Lease. Tenant, therefore, provides City with this notice of proposed "transfer" and requests that City provide its consent to this "transfer".

Tenant believes the requested transfer of the Lease pursuant to the Acquisition will have no adverse impact on the City's interests with respect to the Lease. After the Acquisition, Tenant will continue to occupy the premises described in the Lease, will conduct the same business operations that are currently conducted at the premises, and will continue to perform its obligations under the Lease. The fact that Tenant will be wholly owned by Hanson should not provide City with any reasonable basis to withhold the requested consent. We are informed that Hanson is currently a tenant on a number of leases with City, is in stable financial condition, and has significant relevant experience in conducting operations similar to those conducted at the premises. To provide City with information relating to Hanson's financial condition, we provide with this letter a copy of the annual report from Hanson's parent company, Hanson plc.

Tenant requests City's consent to this "transfer" of the Lease as soon as possible and, in any event, prior to May 6, 2005, when Tenant and Hanson intend to close the Acquisition.

Please countersign this letter and return a copy to the undersigned to evidence your consent to the requested "transfer".

Very truly yours,

MISSION VALLEY ROCK CO.

W. J. Howard

WILLIAM HOWARD,
PRESIDENT

Enclosure

Consent: **CITY CONSENTS TO THE "TRANSFER" OF THE LEASE PURSUANT TO THE ACQUISITION OF TENANT BY HANSON.**

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through
the San Francisco Port Commission

By: Monique D. Moyer

PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman, Commissioner
Hon. Kimberly Brandon, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Berth rate increase for Fisherman's Wharf and Hyde Street Harbor.

DIRECTOR'S RECOMMENDATION: INFORMATIONAL ITEM; NO ACTION REQUIRED

Background

Fees for berthing a boat at Fisherman's Wharf were last increased in July of 1985, when the monthly berth rate for most commercial and historic fishing vessels went from $0.65 per foot per month to $1.00 ft/mo. Berths along Jefferson Street and the Al Scoma Way Bridge were raised to $2.00 ft/mo. Since then the Port has invested well over $20 million for facility improvements at Fisherman's Wharf, including the rebuilding of Pier 45 into a modern fish receiving/ processing facility and the construction of the Hyde Street Commercial Fishing Harbor (See Exhibit A Map).

When compared to 11 other West Coast fishing harbors, including Fisherman's Terminal in Seattle, Fisherman's Wharf berth rates are the lowest (See Exhibit B). For example, Santa Cruz Harbor charges both commercial fishing and recreational vessels the same rate of $8.75 ft/mo, while Crescent City charges commercial boats $3.08 ft/mo. The average berthing rate for fishing vessels at the 11 harbors surveyed is $5.17 ft/mo. Like Fisherman's Wharf, the Port of Seattle's Fisherman's Terminal is a relatively small part of a large and diverse urban port, and like Fisherman's Wharf it is rich in local history and tradition. The Port of Seattle recently increased berth rates at Fisherman's Terminal to $3.80 ft/mo. Inactive non-historic fishing vessels and recreational vessels are charged three times the commercial rate at Fisherman's Wharf. Berth holders also pay a 10% environmental fee. Unlike Seattle's Fisherman's Terminal, most berth holders at Fisherman's Wharf and Hyde Street Harbor are not billed separately for their electricity usage.

This Print Covers Calendar Item No. 8C

Hyde Street Harbor

Hyde Street Commercial Fishing Harbor was opened in June of 2001. While boats in Fisherman's Wharf tie up to stall piles and fishermen climb down ladders from fixed piers to access them, Hyde Street Harbor has floating docks with a gangway, as well as bathrooms with showers. Berth fees were set at $4.00 ft/mo when Hyde Street Harbor opened, and have not been raised since. The 10% environmental fee charged to Fisherman's Wharf berth holders has not been charged at Hyde Street Harbor. We are proposing the 10% environmental fee at Hyde Street Harbor beginning 10/1/05.

Transient Berthing Fees

Transient berthing fees are charged for vessels that do not have a permanent berth agreement with the Port. Typically these are fishing boats in transit or in port to fish the season. The current transient fee for Fisherman's Wharf Harbor is $5.00 per day, and fees at Hyde Street Harbor are $10.00 per day for boats under 50', and $15.00 per day for boats over 50'. The average transient berthing fee at the fishing harbors surveyed for this report is $0.50 ft/day.

Revenues & Expenditures

In FY 2003-04 total revenues from Fisherman's Wharf and Hyde Street Harbor were $230,813, while total expenses were $595,195. The difference between revenues and expenses was $364,382. Direct revenues from Fisherman's Wharf and Hyde Street Harbor accounted for 39% of the facility operating expenses in FY 2003/04 (Exhibit C).

The Port also has just completed a major dredging project at Fisherman's Wharf harbor that cost approximately $450,000.

Projected Revenue FY 2005/06

Based on the proposed berth fee increases; projected revenue for Fisherman's Wharf and Hyde Street Harbor is estimated to increase by $124,000 in FY 2005/06. That represents a 53% increase in revenues over FY 2003/04.

Summary

Fisherman's Wharf has much to offer commercial fishermen, not the least of which is the largest number of fish buyers and processors in one place on the West Coast. Fisherman's Wharf's sheltered harbor is also one stop shopping for chandlery supplies, fuel, ice, bait and provisions. In addition to the plentiful markets for their products and the availability of all supplies necessary for fishermen to conduct business, Fisherman's Wharf's location near the center of a major city is unique, offering many attractions unheard of at other harbors.

However, Fisherman's Wharf's location does have two negative aspects. First, the fishing grounds are 2-3 hours farther away than coastal harbors, and second, being in the center of one of the busiest tourist destinations in the world results in congestion for everyday business.

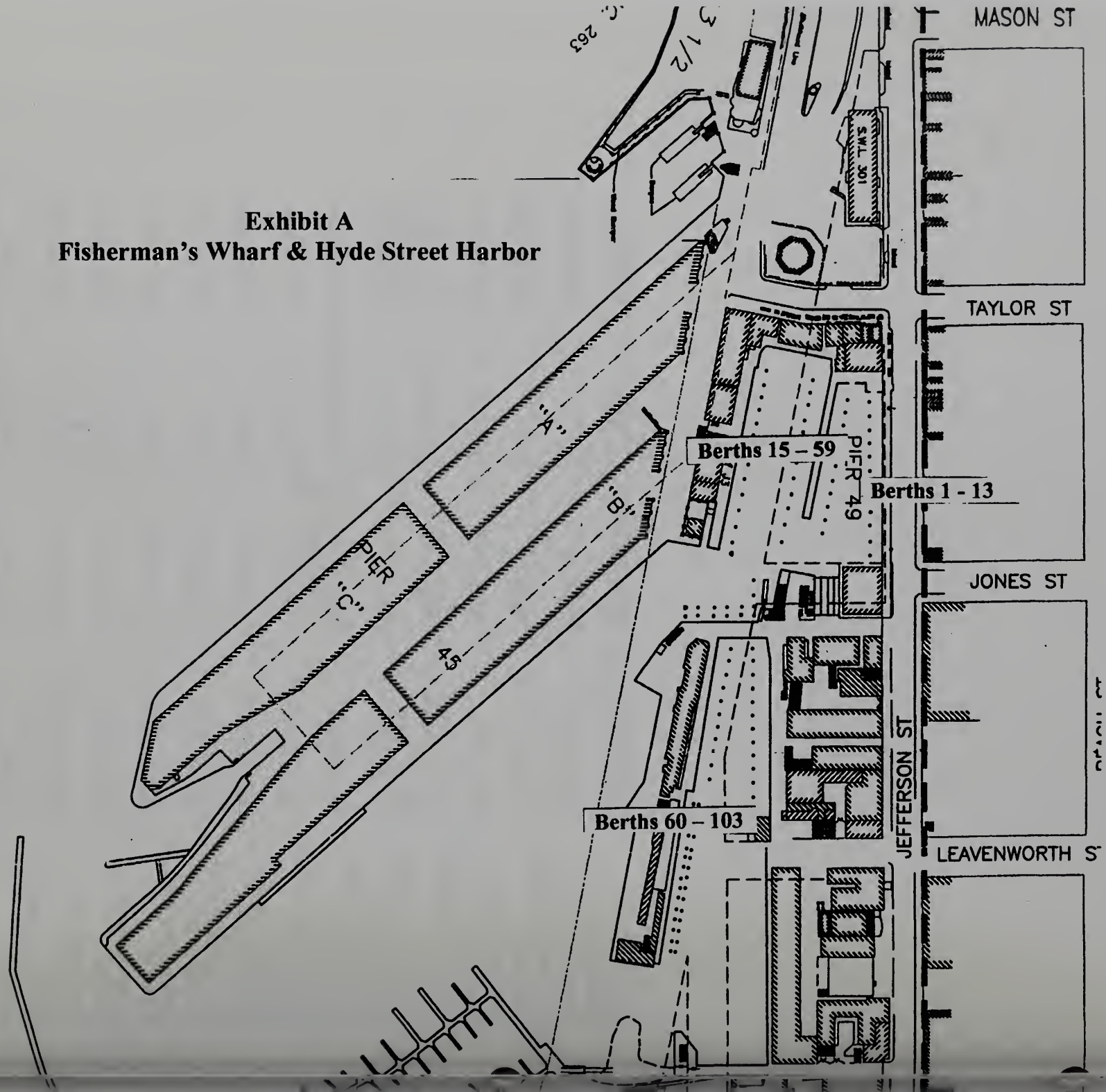
This berth rate increase (Exhibit D Table) will bring rates in line with the average rate charged by West Coast fishing harbors. A typical 40' fishing boat berthed at Fisherman's Wharf currently pays $528.00 per year. Under this proposal, rates would increase to $1,518.00 per year in FY 2005/06, $2,244 in FY 2007/08 and $2,640 per year in FY 2008/09. Thereafter, fees will increase at the same time and rate as California Association of Port Authorities general rate increases.

Exhibits

a. Map of Fisherman's Wharf and Hyde Street Harbor
b. West Coast Fishing Harbor Dockage Rates 2005
c. Revenues and Expenditures Fisherman's Wharf & HSH FY 2003/04
d. Fisherman's Wharf and Hyde Street Harbor Berth Rate Increase Table

Prepared by Hedley Prince, Wharfinger

Exhibit A
Fisherman's Wharf & Hyde Street Harbor



WEST COAST FISHING HARBOR
DOCKAGE RATES 2005

HARBOR	COMMERCIAL FISHING PERMANENT RATES	COMMERCIAL FISHING TRANSIENT RATES	GEAR STORAGE RATES	RECREATIONAL PERMANENT RATE
Santa Cruz Harbor Santa Cruz	$8.75 lin. ft/mo	.50 ft/day	N/A	$8.75 ft/mo
Ventura Harbor Ventura	$7.25 ft/mo	.50 ft/day	N/A	$8.55 ft/mo
Monterey Harbor Monterey	$6.89 ft/mo	$20 per day	N/A	$7.48 ft/mo
Pillar Point Harbor Half Moon Bay	$6.50 ft/mo	.50 ft/day	N/A	$6.60 ft/mo
Moss Landing Harbor Moss Landing	$5.56 ft/mo	.55 ft/day	N/A	$5.56 ft/mo
Spud Point Harbor Bodega Bay	$5.19 ft/mo	.49 ft/day	N/A	$5.19 ft/mo
Hyde Street Harbor San Francisco	$4.00 ft/mo	$10 per day < 50' $15 per day > 50'	.10 - .20 sq ft/mo	$12.00 ft/mo
Santa Barbara Harbor Santa Barbara	$3.55 ft/mo	.50 ft/day	N/A	$7.26 ft/mo
Fisherman's Terminal Seattle	$3.80 ft/mo $103.50 minimum	.60 ft/day	.36 sq ft/mo	$6.75 ft/mo + 12.84% tax
Woodley Island Marina Humbolt Bay	$3.45 ft/mo	.35 ft/day	N/A	$3.45 ft/mo
Morro Bay Harbor Morro Bay	$3.20 ft/mo	.60 ft/day	N/A	$5.50 ft/mo
Crescent City Harbor Crescent City	$3.08 ft/mo	.30 ft/day	N/A	$3.88 ft/mo
Fisherman's Wharf San Francisco	$1.00 & $2.00 ft/mo	$5.00 per day	.10 ft/mo	$3.50 ft/mo

Exhibit B

EXHIBIT C

Revenues and Expenditures for FY 2003-04
FISHERMAN'S WHARF HARBOR including HYDE ST HARBOR
(Facility #5470)

REVENUE		
Wharfage/dockage		
Fisherman's Wharf Harbor	144,023	
Hyde St Harbor	75,049	
Other misc	11,741	
Total Revenue		**230,813**
EXPENSES		
Maintenance		
Plumbing Shop	15,974	
Electrical Shop	3,942	
Stationary Engineers	200	
Laborers	3,273	
Carpenters	9,107	
Pile Drivers	15,152	
Sheet Metal Shop	10,047	
Painters	4,007	
Iron Workers	2,829	
Other Eng & Maintenance*	14,822	
	79,353	
Maintenance Estimated Overhead @ 100%	79,353	
Subtotal Maintenance Costs		158,706
Other Costs		
Electricity	42,315	
ABC Security*	102,020	
Subtotal Other Costs		144,335
Depreciation		9,157
Indirect Costs - Maritime, Administration and Executive		282,997
Total Expenses		**595,195**
Profit/(Loss)		(364,382)

*ABC Security pulled from Indirect

EXHIBIT D

PORT OF SAN FRANCISCO
FISHERMAN'S WHARF AND HYDE STREET HARBOR BERTH RATE INCREASE

	Current Rates				
Facility	Rate per ft per mth	Environmental Surcharge	Total Rate per ft per month	Avg Rate per mth (40ft boat)	Rate per day
Fisherman's Wharf					
*Berth Nos. 1 - 13	$2.00	10%	$2.20	$88.00	
Berth Nos. 15 - 103	$1.00	10%	$1.10	$44.00	
**Piers 45 & 47	$2.26	10%	$2.49	$99.44	
Transient Boats					$5.00
Hyde St Harbor					
Berth Nos. 201 - 262	$4.00	N/A	$4.00	$160.00	$10.00
Transient Boats					
< 50 ft					$10.00
> 50 ft					$15.00

	Proposed Rates eff 10/1/05				
Facility	Rate per ft per month	Environmental Surcharge	Total Rate per ft per month	Avg Rate per mth (40ft boat)	Transient Rate per day (40 ft)
Fisherman's Wharf					
*Berth Nos. 1 - 13	$5.00	10%	$5.50	$220.00	
Berth Nos. 15 - 103	$3.50	10%	$3.85	$154.00	
**Piers 45 & 47	$3.50	10%	$3.85	$154.00	
Transient Boats $0.40 ft/day					$16.00
Hyde St Harbor					
Berth Nos. 201 - 262	$4.40	10%	$4.84	$193.60	
Transient Boats $0.50 ft/day					$20.00

	Proposed Rates eff 10/1/06				
Facility	Rate per ft per mth	Environmental Surcharge	Total Rate per ft per month	Avg Rate per mth (40ft boat)	Transient Rate per day 40 ft
Fisherman's Wharf					
*Berth Nos. 1 - 13	$7.50	10%	$8.25	$330.00	
Berth Nos. 15 - 103	$4.25	10%	$4.68	$187.00	
**Piers 45 & 47	$4.25	10%	$4.68	$187.00	
Transient Boats $0.40 ft/day					$16.00
Hyde St Harbor					
Berth Nos. 201 - 262	$4.84	10%	$5.33	$213.00	
Transient Boats $0.50 ft/day					$20.00

	Proposed Rates eff 10/1/07				
Facility	Rate per ft per month	Environmental Surcharge	Total Rate per ft per month	Avg Rate per mth (40ft boat)	Transient Rate per day 40 ft
Fisherman's Wharf					
*Berth Nos. 1 - 13	$9.00	10%	$9.90	$396.00	
Berth Nos. 15 - 103	$5.00	10%	$5.50	$220.00	
**Piers 45 & 47	$5.00	10%	$5.50	$220.00	
Transient Boats $0.40 ft/day					$16.00
Hyde St Harbor					
Berth Nos. 201 - 262	$5.32	10%	$5.85	$234.00	
Transient Boats $0.50 ft/day					$20.00

* sport fishing and bay tours
** mixed use - bait pens & berthing

PORT OF SAN FRANCISCO

MEMORANDUM

June 9, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman, Commissioner
Hon. Kimberly Brandon, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Rate Increase Port Tariff #4

DIRECTOR'S RECOMMENDATION: APPROVE 5% PORT TARIFF INCREASE

Background

The Port regulates and prices many of our services through our Port Tariff # 4, which is regulated by the Federal Maritime Commission. Rates detailed in the tariff include wharfage, dockage, demurrage and storage, and crane rental. Our Port tariff is available for review on the Port web-site (www.sfport.com).

The California Association of Port Authorities (CAPA) has voted to authorize its member ports to increase tariff charges by up to 5% beginning July 1, 2005. CAPA is comprised of the state's eleven publicly owned, commercial ports including the Ports of Humboldt Bay, Hueneme, Long Beach, Los Angeles, Oakland, Redwood City, Richmond, Sacramento, San Diego, San Francisco and Stockton. California is the single largest trading entity in the nation, handling one-fifth of all U.S. goods trade. California's public ports are granted immunity for Federal anti-trust/rate setting regulations through its participation in CAPA.

The increases are being sought to recover costs incurred by the ports including, but not limited to, security, infrastructure and maintenance. A recent report published by the Public Policy Institute of California revealed California receives only five dollars in security funding per person, while other states, such as Wyoming, received more than thirty-eight dollars per capita in 2004. While forecasts predict the amount of trade transported through California's ports could triple by 2020, significant infrastructure improvements are absolutely necessary if the state is to accommodate the anticipated growth.

This Print Covers Calendar Item No. **8D**

The last general rates increase approved by CAPA was in October of 2003.

Port staff recommends that we increase wharfage, dockage, demurrage and storage charges, and crane rental rates in our tariff by 5 %, with the exception of fishing wharfage and dockage, and passenger fees, in conjunction with the increase agreed upon by CAPA effective July 1, 2005. The Port is addressing Passenger fees and fishing wharfage and dockage rates separately. Staff estimates that this rate increase will result in approximately $100,000 per year of additional revenue to the Port.

Prepared by: Peter Dailey
Deputy Director, Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-41

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, the Port Commission set rules and prices Port activities through our port tariff #4 which is regulated by the Federal Maritime Commission; and

WHEREAS, The Port of San Francisco is a member of the California Association of Port Authorities (CAPA) whose members consist of the state's eleven publicly owned commercial ports including the Ports of Humboldt Bay, Hueneme, Long Beach, Los Angeles, Oakland, Redwood City, Richmond, Sacramento, San Diego and Stockton; and

WHEREAS, The California Association of Port Authorities has voted to authorize its member ports to increase tariff charges by up to 5% beginning July 1, 2005; and

WHEREAS, California public ports are granted immunity for federal anti-trust/rate setting regulations through its participation in CAPA; and

WHEREAS, California Ports have not have seen significant cost increases in recent years dealing with, but not limited to security, infrastructure and maintenance; and, now therefore, be it

RESOLVED, the San Francisco Port Commission authorizes the Executive Director to raise Port of San Francisco Tariff #4 rates, excluding commercial fishing and cruise passenger fees, 5% effective July 1, 2005.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 14, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

June 8, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman, Commissioner
Hon. Kimberly Brandon, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on Environmental Conditions at Heron's Head Park

DIRECTOR'S RECOMMENDATION: For Information Only; No Action Required

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Background

The peninsula we now know as Heron's Head Park was originally conceived by the Port in the late 1960s as the site of a 48-acre cargo shipping terminal at Pier 98. In compliance with both Bay Conservation and Development Commission (BCDC) and Regional Water Quality Control Board (RWQCB) permits, including restrictions on the type of material that could be placed as fill in the bay to construct the proposed facility, the Port constructed Pier 98 by placing fill behind a debris dike from 1970 to 1977. The fill material consisted primarily of sand and other dredged material, but also included soil and debris such as concrete, wood, metal, bricks, paper and refuse. The Port ceased construction in 1977 and covered the approximately 25-acre site with 1 to 3 feet of clean soil.

In the years since the Port ceased construction, settlement and tidal inundation resulted in establishment of a tidal salt marsh along the peninsula's southern shoreline. In 1987 the RWQCB issued a regulatory order requiring the Port to investigate and monitor the site to evaluate the nature of the material placed during construction and the presence of potentially hazardous constituents in the fill. In 1993, the Port and BCDC resolved a long-standing dispute regarding development and use of the site by agreeing that the land could be developed for wetland habitat and public access.

This Print Covers Calendar Item No. 9A

In 1998-99, with funding from the City and County of San Francisco Public Utilities Commission, the California Coastal Conservancy, and its own capital funds, the Port excavated tons of debris from the site, regraded to enhance and expand the tidal marsh, constructed public access amenities such as trails, informational signs and a picnic area, and re-opened the former Pier 98 to the public as Heron's Head Park.

Environmental Investigations at Heron's Head Park

Over the past fifteen years, the Port has undertaken a series of environmental investigations to evaluate soil and groundwater quality, potential environmental impacts during construction, and potential impacts during the park's use by students, visitors and employees.

The Port completed an *Air Quality Assessment Test* (The Mark Group, January 1989) and *Solid Waste Assessment Test* (Geo/Resource Consultants, November 1989) in compliance with the RWQCB order. The air quality assessment extracted samples of air within the subsurface fill and analyzed them for volatile compounds that could be released, including methane, which is produced by decomposition of organic material. Laboratory analysis found no compounds present at significant concentrations and concluded that the fill is not a significant source of air contaminants.

The solid waste assessment collected a total of 34 soil samples from eighteen locations throughout the site, from the surface to the underlying mud, to characterize the nature of the fill material and identify potentially hazardous constituents. This investigation found that most of the material was sand or dredged sediment, or inert debris such as concrete, rock, metal, bricks, etc., except for in a portion of the western third of the site where organic, decomposable ("non-inert") materials such as wood, paper, green waste, cloth and household garbage were found. The non-inert material was estimated to comprise approximately 2% of the total volume of the fill. No pesticides or PCBs were found at or above laboratory detection limits, meaning that pesticides and PCBs are not present or are present at concentrations below the smallest concentrations that laboratory analysis can measure. Metals and some organic compounds were found at concentrations below hazardous waste limits.

From 1990 to 1996, the Port sampled groundwater from wells at the site quarterly, and analyzed them for metals, petroleum hydrocarbons, and organic compounds that might be released from the fill material and impact water quality. None of these constituents were found at concentrations exceeding water quality standards (concentrations of chemicals in bay water adopted by the RWQCB as goals for protecting aquatic organisms and human use of bay water for fishing, swimming, etc.). In 1996, the Port tested groundwater to assess potential impacts to aquatic organisms and found that aquatic organisms were not adversely affected, except for those tested in groundwater from one of nine wells. Groundwater from one well, located in the northwestern portion of the site, contained ammonia, a byproduct of the breakdown of organic material, at concentrations that are toxic to aquatic organisms. Based on these findings (*Request for Revision of Waste Discharge Requirements*, Port of San Francisco, October 1996), the RWQCB approved the Port's proposal to install an impermeable geosynthetic liner and

approximately 1.5 to 3 feet of clean soil over the portion of the site where significant quantities of organic material have been found by previous investigations to prevent infiltration of rainfall through the organic material and potential migration of ammonia to the adjacent bay water.

In 1998, the Port tested soil that would be disturbed and/or exposed by wetland and park construction for the presence of potentially hazardous constituents, and to evaluate the potential for those constituents to pose a risk to workers during construction or visitors to the park after construction (*Soil Characterization Report and Management Plan*, Port of San Francisco, May 1998). This investigation was conducted in compliance with the City's Health Code and was reviewed and approved by the Department of Public Health Environmental Health Section. It compared data from previous investigations with health-based standards for soil in a shoreline park setting, and collected new data on parameters that had not been investigated in previous efforts (pH, Cyanides, Sulfides, Ignitability) or for which more comprehensive testing was warranted (arsenic) from 13 locations throughout the proposed park area. The results indicate that none of the constituents were present at concentrations exceeding applicable standards adopted by Cal-EPA RWQCB for a shoreline park.

Human Health Risk Assessment for Heron's Head Park

In 2003, the Port conducted a *Soil Sampling Investigation and Health Risk Assessment* (Geomatrix, February 2004) to further evaluate the potential for chemical constituents in soil at Heron's Head Park to pose a health risk to students, employees, or park users. The investigation collected surface (within 6-12 inches) and subsurface (approximately three feet below grade) soil samples from 13 locations throughout the park, in locations that visitors or participants in education programs were likely to be. Soil samples were analyzed for metals, volatile organic compounds and polynuclear aromatic hydrocarbons.

The health risk assessment evaluated the potential exposure of students (ages 7-17) and adults participating in education and public programs, Port employees and contractors working at the Park, and recreational users of the park to constituents at the concentrations found in soil at Heron's Head Park. The assessment of risk to recreational users considered the cumulative exposure of a combined child (age 0-6)/adult recreational user visiting the site 160 hours/year every year for 30 years. It included evaluation of potential exposure through ingestion, inhalation and direct contact with soil, and used exposure factors (e.g., ingestion rate, duration of exposure, chemical-specific toxicity) adopted by the State and Federal Environmental Protection Agencies. Where not dictated by EPA guidance, the assumptions used in the assessment were intentionally conservative, selected to over-estimate the potential risk. The results are expressed as increased health risk for both cancer and non-cancer health effects. The study concluded that exposure to chemicals in soil at Heron's Head Park does not pose a significant risk to park users of either increased cancer or non-carcinogenic health effects based on the Federal and State EPA accepted threshold for significance.

The risk assessment has been reviewed by Dr. Rajiv Bhatia, Medical Director for Occupational and Environmental Health at the San Francisco Department of Public Health and Professor of

Medicine at UCSF. Dr. Bhatia and Robert Cheung, Toxicologist and author of the *Results of Soil Sampling Investigation and Health Risk Assessment* report will be available to comment or answer questions on this matter.

Summary

Since Heron's Head Park opened in 1999, thousands of people have visited, some infrequently and others more regularly as part of their work, education or recreation. Environmental conditions at Heron's Head Park have been well-characterized by a series of investigations. The findings indicate that chemical constituents in soil or groundwater do not pose a significant risk of adverse health impacts to park users.

Prepared by: Carol Bach
Assistant Deputy Director, Environmental Health and Safety

PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Port of San Francisco Embarcadero National Register Historic District Nomination – Scope of Research for Labor History Research

DIRECTOR'S RECOMMENDATION: No Action Required - Informational Presentation and Public Hearing

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Overview

On October 20, 2004, the Port Commission approved Resolution No. 04-89 including a provision which, as a public policy matter, calls for research to be carried out regarding the labor history of contributing historic resources in the Embarcadero National Register Historic District, as part of major historic rehabilitation /development projects. In response to this directive, the Port staff has developed a draft Scope of Research (Scope) which is presented in this report for public review and comment (Attachment A).

In summary, the intent of this effort is to ensure that information about the types of work and labor activities and conditions that occurred along The Embarcadero waterfront is collected and maintained at the Port for the public's appreciation and general reference. It is intended that this research be conducted early in the pre-development phase of the project, when historic architecture information of the given development site also is collected. This report provides further details on the draft Scope, consultant qualifications, and proposed approach to begin collecting this information for specific projects. The Scope will be revised by staff as needed to respond to public input and comments received at the Commission's meeting on June 14, 2005, and will be used as the standard for directing qualified consultants, whether retained by the Port or by developers selected for major Port rehabilitation/development projects, to carry out the specific labor history research.

This Print Covers Calendar Item No. 10A

Scope of Research

As described further in Attachment A, the proposed Scope entails research and documentation of historical information about the businesses and labor activities that occurred within contributing resources in the Embarcadero National Register Historic District (as submitted in May 2005 for review and action by the California State Historic Resources Commission and National Park Service), as part of major rehabilitation/ development projects proposed for those resources. The resulting labor history reports would be maintained at the Port for use and reference by the public, to further public understanding and appreciation of life along the waterfront as it relates to its labor history. It is intended that this research be conducted and coordinated with other historic architectural research that is conducted during the pre-development phase of projects. This also enables the architectural and engineering design team to benefit from the collective body of research in developing the design of the project and/or interpretive exhibits.

While anticipating that there could be wide variation in the amount and type of labor history information that can be collected for individual projects, the proposed Scope is intended to provide consistent direction to these future efforts by identifying the following categories of information to be researched, as summarized below.

Context. The Scope calls for the research to focus on collecting information that is clearly tied to the subject historic resource(s) involved in the project. It is not the intent for the work to involve new original research regarding information about historic development patterns or conditions in the greater historic waterfront area, because this comprehensive information already has been developed as part of the Embarcadero Historic District nomination report. Rather, that nomination report and other prior area-wide historic research studies should be utilized to excerpt contextual historic information as may be relevant to describing and understanding the specific labor –related activities and events that occurred within the project area.

Historic Uses and Tenancies. The Scope calls for a general description and analysis of the specific work activities that took place at the site, primarily during the period of historic significance as documented in the Embarcadero Historic District report, from 1878-1946. This would include key tenancies or primary types of operations and their associated uses and/or functions. It also may include a description of how space was utilized, the types of commodities or cargos accommodated and a general description of working conditions associated with these activities, if known.

Work Force. In addition to historic uses and tenancies, the draft Scope includes a description of the characteristics of the work force that performed work at the site. This information may address characteristics such as number, gender and general background of the workers and what types of specialized skills may have been required to carry out the work. Information about the hierarchy of the work performed on the site, wages and economic conditions of the workers also is sought, if available. Where these conditions tie in with the larger context of waterfront labor history in San Francisco, such as the conditions and conflicts that led to the 1934 General Strike, those relationships should be highlighted.

The Facilities. Although the Embarcadero Historic District nomination includes a physical description of each contributing resource and provides a chronology of how the resource was

altered over time, it does not provide an analysis of how the facility design, construction and subsequent alterations may have related to the work accommodated at the site. The Scope provides for research to be conducted to determine whether there is information that addresses these relationships.

Level of Detail. The draft Scope specifies that the information should be accessible and easily understood by the lay public and decision makers. It promotes the use of an informal simple writing style that not only documents but tells the story of what took place at the site in a way that engages the reader, thereby appealing to a greater public audience and promoting a deeper understanding and appreciation of the District's history.

It is recognized that there are innumerable perspectives, related issues and academic areas of interest and research that may interface with San Francisco's waterfront and labor history. Given the diverse public obligations of the Port, it is not possible to fulfill all demands for further historic research and analysis. However the Scope is intended to provide a solid base of information, to be available to the public such that it may be used to support further research efforts carried out by other institutions or entities beyond the Port or its development partners.

Consultant Qualifications. The Scope includes standards for the professional qualifications of consultants and/or consultant teams seeking to contract for this work. All contractors would be required to meet the nationally accepted Secretary of the Interior's Professional Qualification Standards in the areas of history, architectural history, architecture and historic architecture. In addition, consultants that have demonstrable experience researching and writing on the topic of San Francisco maritime labor history are highly desirable.

Implementation

Port staff will revise the Scope as necessary to respond to public comments received at the June 14, 2005 Commission meeting. The Scope will then be used as the standard for soliciting and directing qualified consultants hired to conduct this labor history research and documentation. Depending on the type and sponsor of future projects, historic preservation consultants may be retained by the Port or developers selected to carry out major rehabilitation/development projects on Port lands. Where the Port is the Project Sponsor, it will undertake the consultant hiring process and direct the selected consultant. For major projects that are sponsored by a developer partnering with the Port, the developer will hire the consultant. In either instance, this Scope will be used as the basis for the labor history research and consultant qualifications. The Scope is subject to refinement, as necessary, to maintain clear direction to consultants, to avoid uncertainties about the work that is to be conducted. As previously described, the timing and completion of this research will be coordinated with other historic architectural survey research and pre-development studies.

It is anticipated that Port staff will be involved in assisting and providing direction to any consultants hired to conduct the labor history research. As the Port's archives grow, it is expected that staff will be a helpful resource to the consultant and developer to identify prior reports and research that may be relevant to the subject project then underway, and to review and lend direction to the consultant in the production of the reports, all of which will be available to the public.

All major development projects currently underway within the District will include the completion of labor history research. As part of the proposed Brannan Street Wharf public open space project which includes the demolition of Pier 36, Port staff will take the lead in hiring the consultant to collect the labor history information for that facility. The consultant hiring process for Pier 36 is expected to be completed this fall.

The Project Sponsors of the Piers 27-31 Active Recreation and Pier 15 Exploratorium development projects have been informed and have agreed to carry out additional labor history research, and will be responsible for hiring the consultants for that work.

Conclusion

Staff believes that the proposed Scope provides a sound approach to respond to the Commission's desire to have the Port collect historic information about the Port's labor history. The proposed Scope and approach has been developed to allow information about Port labor history to expand incrementally, as part of each new major historic rehabilitation/development project within the Embarcadero National Register Historic District. The approach also anticipates a process that enables Project Sponsors flexibility to program the completion of this work in a coordinated manner, compatible with other pre-development studies required for the project, and which draws from the extensive research produced for the Embarcadero National Register Historic District nomination report. With an eye to producing reader-friendly accounts of the work activities and labor conditions that took place along the historic Embarcadero waterfront, it is the intent of the Commission and its staff to continue its efforts to foster an understanding and appreciation by the general public about the waterfront's rich history.

Submitted by: Diane Oshima
Assistant Deputy Director, Waterfront Planning

g/historic preservation/labor history/6-7-05 Port Commission Staff Report – Labor History

ATTACHMENT A

Proposed Draft for Public Review and Comment
Labor History Research for Individual Historic Resources
in the Embarcadero Waterfront National Register Historic District
June 7, 2005

Introduction

In October 2004, the San Francisco Port Commission approved a report to nominate the Port of San Francisco Embarcadero Waterfront Historic District, including specified Port facilities from Pier 45 to Pier 48, for listing on the National Register of Historic Places. The nomination report, produced by URS Corporation, headed by Michael Corbett, Senior Historian, is the most comprehensive account produced on the history of the Port of San Francisco. The nomination focuses on the physical, governmental, and technological forces that shaped the Port through its period of significance, from 1878 to 1946. The report also includes later events to round out the discussion of the evolution of the cargo industry and the advent of containerization in the 1960's which, by that time, made evident the obsolescence of San Francisco's break bulk cargo finger piers.

In telling this story, the nomination report details how the Port waterfront was developed, the important and constant role of the State Board of Harbor Commissioners to oversee and manage the engineering, design, construction, use and operations along the waterfront. The report includes a lengthy account that exceeds requirements of a National Register nomination of the integral relationship between engineering and use of the waterfront, and waterfront-wide labor history information that illustrated what it took to build and operate a port, and the demanding and often dangerous conditions that laborers were forced to endure. Technological changes associated with the evolution of the maritime cargo industry, wages and compensation, workers rights and unionization are detailed, including the rise of labor leader Harry Bridges and the infamous Great Strike of 1934.

While the nomination report provides a multi-faceted and comprehensive overview of the events and activities of the Port, it does not, nor is it intended or required to, chronicle the specific uses, businesses and labor conditions at each individual contributing resource in the District. In approving the Embarcadero Historic District nomination report, the Port Commission recognized, as a separate policy matter, the informational value of collecting waterfront labor history details as new redevelopment occurs. Accordingly, the Commission authorized staff to include site-specific historic research on the businesses and labor activities that occurred at individual facility sites, to be conducted as part of pre-development studies for new major rehabilitation development projects affecting contributing resources within the District.

The pre-development studies that have been completed to date for recent Port historic rehabilitation projects, such as the Ferry Building and Pier 1, included historic consultant studies of the individual resources. The scope of those studies focused on the area history, and architectural and physical aspects of the resource, with lesser attention given to the uses and work that took place within. The focus of this document, therefore, is to propose a scope of work that provides more specific definition of labor history information that is to be researched. The research may reveal new information about the relationship between labor history and the

physical place that memorializes the maritime activities and labor conditions that occurred at the site before undergoing historic rehabilitation or new development. This research also would further inform the design of rehabilitation development projects, providing source material for interpretive exhibits that may be incorporated therein, or other points of historical interest that should be added to the Port's archives.

While the labor history information is expected to be developed as a separate study from the architectural history research of a given resource, the two scopes should be completed in a coordinated manner. The history of the waterfront, the design of the facilities, and the activities and work that took place within, in most cases, are interwoven. The additional research should be carried out consistent with the overall schedule for completing pre-development historic resource studies required for new major development projects.

The scope of the project-specific labor history research is focused on the development project site and immediate vicinity. It is not the purpose or intent for these future research efforts to revisit or take on the comprehensive scope embodied in the Embarcadero National Register nomination report or other area-wide historic resource studies (such as that prepared for the Central Embarcadero Pier National Register District for Piers 1-5). The 400+ page nomination report for the Embarcadero District represents a major investment of Port resources to establish the foundation of historic information about the Port and the waterfront. It provides an unprecedented, richly detailed account of engineering, technological and architectural development, governance, labor history and events on the San Francisco waterfront. It is anticipated that it will be frequently referenced to describe the relevant context for site-specific historic and labor history research for individual Port rehabilitation development projects. The Embarcadero District nomination report and any subsequent final historic resource and labor history reports will be available for public use, and may be referenced to support separate research efforts carried out by institutions or entities other than the Port or its development partners that choose to study the San Francisco waterfront, the Port's relationship to the development of other parts of San Francisco or Bay Area, or other related areas of historical interest.

Following is a draft scope for public review and comment for the conduct of additional labor history research for individual contributing resources in the Embarcadero National Register Historic District.

Scope of Work

Objective. To research and collect information about the types of use, businesses and activities, and workforce characteristics and conditions that occurred within contributing resources within the District that are the subject of major rehabilitation/development projects, as specified by the Port. The research effort should be coordinated with that carried out to produce site-specific historic analysis of the architectural, engineering and physical attributes of the resource. The central focus of the labor history research is to provide information and interpret the relationship between the work that occurred at the site, type of labor that performed the work and, if applicable, the design of the resource.

Context. The scope of the research should be clearly tied to the subject historic resource(s) involved in the project site or immediate vicinity. Any information about the historic

development, technological trends and any significant events, and labor history and conditions in the greater historic waterfront area that are relevant to the project site should be derived from prior area-wide historic research studies, including the Embarcadero National Register Historic District nomination report, which should be summarized and/or referenced accordingly. This scope is not intended to require further area-wide research of historic waterfront development patterns, conditions or events.

Historic Uses and Tenancies. The site-specific research should analyze the specific work that took place at the project site. If possible, the research should describe the key tenancies or primary types of operations that took place in the facility(s); their associated uses and/or functions conducted at the premises, which may include a description of how space was utilized, the types of commodities or cargoes accommodated; and a general description of working conditions associated with those activities, if known. The primary focus of this research is the period of significance for the Embarcadero District, from 1878-1946. However, it is recognized that the technological transformation of the cargo industry continued to evolve through the 1960's, which may warrant the inclusion of additional information about industrial cargo or other related maritime activities from more recent periods. In addition, if the research finds there are significant events or conditions associated with the subject site that are noteworthy because of implications for the larger Embarcadero District, this information will be important to document.

Work Force. The site-specific research should describe the characteristics of the work force that performed work at the site during the period of significance. This information may address characteristics such as the number, ethnicity and gender of the workers, types of specialized skills may have been required to carry out the work, information about the management or hierarchy of work performed on the site, information about wages and economic conditions of the workers. In the context of the labor history research in the Embarcadero Historic District nomination report regarding the conditions and conflicts between management and workers that gave rise to the General Strikes in 1934, the scope of the site-specific research may include labor-management relations, including union organizing, and related information specific to the project site that may also relate with this major period in San Francisco labor history.

The Facility(s). The site-specific research should describe the subject historic resource(s) involved in the project, with a focus on how its design, construction and possible subsequent alterations related to the work carried out at the site, primarily during the period of significance from 1878-1946. It is recognized that post-1946 alterations occurred to respond to changes in work processes, which may also be noted. In particular, the research to address facility construction, conditions and alterations should be coordinated with any pre-development historic architectural studies that also may be prepared for rehabilitation development projects.

Level of Detail. The scope of the research is focused on defining those labor activities and operations that were predominant at the subject facility(s) to understand how it relates to the waterfront overall, as documented in the Embarcadero District nomination report. The information produced should be accessible and understandable to general lay citizens and decision-makers. To the extent the report can be written to not just document, but tell the story of what took place in the project site, it will more successfully invite and engage the reader and thus enhance a broader public understanding and appreciation of the waterfront's rich history.

It is recognized that there are innumerable perspectives, related issues and academic research areas of interest that may interface with San Francisco's waterfront and labor history. While it is not possible to fulfill all demands for further research and analysis, the Port seeks to provide a solid documented base of information which may be used to support further research efforts carried out by other institutions or entities beyond the Port or its development partners. The Port's designation of the Embarcadero National Register Historic District, the extensive supporting documentation, and the continued efforts to produce labor history and historic architectural research for individual projects is a reflection of that commitment, which is balanced with the Port's numerous other public objectives.

The Port staff has reviewed many historic research studies for Port and non-Port projects. In an effort to provide some definition and parameters for the level of detail and information sought, it is envisioned that these site-specific labor history studies should be able to be completed within the same timeframe as for historic and architectural surveys now prepared for Port historic rehabilitation projects. The level of detail on labor history should be complementary with that provided in historic architectural studies provided to date.

Consultant Qualifications: The labor history research outlined in this scope may be conducted by individual or teams of historic consultants hired by the Port or a project sponsor of a rehabilitation development project. The historic consultants would be required to possess professional qualifications and credentials necessary to meet the Secretary of the Interior's Professional Qualification Standards. In evaluating consultant qualifications, the Port and project sponsor would require historic consultants to meet the applicable minimum qualifications in the areas of history, architectural history, architecture, historic architecture (See Appendix A for the Standards). Individuals and teams that possess demonstrable experience researching and producing written accounts about San Francisco maritime labor history are highly desirable.

PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman, Commissioner
Hon. Kimberly Brandon, Commissioner
Hon. Ann Lazarus, Commissioner

FROM: Monique Moyer
Executive Director

SUBJECT: Request to Endorse an Amendment to the Revised Development Memorandum with SF Piers 27-31, LLC for the Piers 27-31 Mixed-Use Recreation Project and Changes to the Project Description to be studied for CEQA purposes as the Revised Preferred Alternative Project to Ensure Consistency of the Revised Preferred Alternative Project with the State Lands Commission Public Trust/Burton Act Findings of June 2, 2003
(Site Location: The Embarcadero, between Bay and Battery Streets)

DIRECTOR'S RECOMMENDATIONS: ENDORSE THE PROPOSED AMENDMENT AND THE REVISED PREFERRED ALTERNATIVE PROJECT DESCRIPTION

I. BACKGROUND

The Port of San Francisco ("Port") and SF Piers 27-31, LLC, a subsidiary of The Mills Corporation ("Developer"), are parties to an Exclusive Right to Negotiate agreement ("ERN"), dated June 13, 2001, as amended. The ERN describes the terms under which the parties will negotiate agreements for the development, lease and operation of a mixed-use recreation project at Piers 27-31 (the "Project").

Pursuant to the ERN, the Port Commission required the Developer to make material changes to its original Project proposal to respond to a set of 13 conditions (the "13 Conditions"). The 13 Conditions were imposed to maximize affordable recreation activities, minimize unrelated commercial activities, and provide the Port with a fair economic return, including base rent and a participation in Project revenues. The Port Commission required the Developer and the Port's Executive Director to enter into a non-binding Development Memorandum reflecting the 13 Conditions.

This Print Covers Calendar Item No. 10B

On November 9, 2004, the Port Commission endorsed the terms of a revised Development Memorandum ("Revised Development Memorandum"), including a revised project description ("Revised Preferred Alternative Project"), and directed the Port's Executive Director to execute the Revised Development Memorandum no later than December 15, 2005. Also on November 9, 2005, the Port Commission authorized the Port's Executive Director to execute the Third Amendment to the ERN no later than December 15, 2005, to extend the term of the ERN. The parties finalized the form of the Revised Development Memorandum and Third Amendment to the ERN and executed both documents on December 15, 2005. A copy of the executed Revised Development Memorandum and Third Amendment to ERN is on file with the Secretary of the Port Commission.

Under Benchmark #6 to the ERN, as amended, the Developer, in cooperation with the Port, was required to request an opportunity to present the Revised Preferred Alternative Project to the State Lands Commission ("SLC") staff to confirm that it fell within the guidelines of the June 2003 State Lands Commission determination concerning the Public Trust and the Burton Act consistency of a specific project proposal put forward by the Developer (the "2003 SLC Determination"). Developer and Port staff have recently completed their consultations with the SLC staff regarding the Revised Preferred Alternative Project. Based on the SLC staff's recommendations, Port staff and the Developer propose changes to the Revised Preferred Alternative Project and the use provisions described in the Revised Development Memorandum to make it consistent with the 2003 SLC Determination. Overall, these proposed changes would result in a net increase of recreational space of 5,700 gross leasable square feet ("glsf"), and a net increase in retail space of 6,000 glsf, as discussed in detail below. These changes will be reflected in an Amendment to Revised Development Memorandum as further described in Section II of this Memorandum. On June 7, 2005, the Port received a letter from Blake Stevenson, Senior Staff Counsel to the State Lands Commission, finding that the revised site plan is consistent with the State Lands Commission findings made at its meeting of June 2, 2003. A copy of the State Lands Commission letter is on file with the Port Commission Secretary.

Under Benchmark #3 to the ERN, as amended, if the Revised Preferred Alternative Project endorsed by the Port Commission on November 9, 2004 is materially changed during the period of the ERN extension, particularly as a result of direction provided from a regulatory entity empowered to authorize such a change, the Developer shall present to the Port Commission pertinent information about those changes, including, but not limited to, information on the site plan, table of uses and financial terms. Pursuant to Benchmark #3, the Developer has provided Port staff with all the information required thereunder, and will present the proposed changes to the Port Commission at its June 14, 2005 hearing. Because the Port Commission endorsed the terms of the Revised Development Memorandum and the Preferred Alternative Project described therein for purposes of environmental review under CEQA, the Port Commission is being asked to endorse the terms of the proposed Amendment to Revised Development Memorandum and the Revised Preferred Alternative Project as further discussed in this Memorandum. As confirmed by the June 7, 2005 letter from State Lands staff, the Project as described in the Amendment to Revised Development Memorandum remains consistent with the 2003 SLC Determination and the 13 Conditions, and still provides benefits to the Port and the community beyond the minimum requirements of the 13 Conditions.

II. DISCUSSION OF THE PROPOSED AMENDMENT TO REVISED DEVELOPMENT MEMORANDUM AND REVISED PREFERRED ALTERNATIVE PROJECT

Staff recommends that the Port Commission endorse the proposed Amendment to the Revised Development Memorandum and to the Revised Preferred Alternative Project as described herein, including the attached exhibits, and authorize the Port's Executive Director to enter into an amendment of the Revised Development Memorandum on or before July 15, 2005 to reflect the proposed changes. The proposed changes relate solely to the rearrangement and change in size of some uses under the Revised Preferred Alternative Project. The financial terms of the Project would be unchanged.

Use Terms

SLC staff has advised Developer and Port staff that the following proposed changes, depicted in **Exhibit B** attached to this Staff Report, will ensure that the Revised Preferred Alternative Project remains consistent with the 2003 SLC Determination:

- Elimination of 6,000 glsf of non-trust space from the Piers 29-31 complex;
- Relocation of 11,000 glsf of non-trust space from the Pier 29 Shed to the Pier 29½ Bulkhead Building;
- Rearrangement of the Pier 29 Shed spaces to maximize trust uses along the façade facing the Marine Sports Basin;
- Creation of a 10,000 glsf outdoor jogging/exercise area on the roof of the YMCA Facility, with primacy of use by water-related athletes and groups, and with clear views to the Bay;
- Increase of the outdoor hockey rink in the Sports Valley by 1,700 glsf; and
- Rearrangement of spaces in the Pier 31 Shed to ensure public access beneath the entire length of the two-story space between the Maritime Exhibit Center and The Embarcadero.

The following discussion analyzes the compliance of the proposed changes with the 13 Conditions that relate to use.

Condition 1: The lease should include very specific use requirements for creating and retaining the RFP Required Uses throughout the lease term.

Condition #2. The lease should include very specific restrictions on the use of the retail space, restricting retail uses to active recreation-related uses and a very limited amount of other retail space.

The Required Uses set forth in the Amended Request For Proposals consist of Recreational Enterprises, Recreational Boating & Water Use, Open Space, Public Access and Temporary and Ceremonial Berthing. Table 1 notes these Required Uses and compares the Project as it has changed from the Revised Preferred Alternative Project endorsed by the Port Commission on November 9, 2004. In reviewing the November 9, 2004 site plan, the SLC staff determined that

the Pier 29 Shed included too much non-trust use and recommended removing approximately 6,000 glsf of non-trust use from the Pier 29 Shed.

Under the proposed changes, the Project would replace 6,000 glsf of non-YMCA, indoor recreational space in the Pier 29 Shed with 6,000 glsf of retail space. Unlike indoor, non-water oriented recreation, which the SLC staff regards as a non-trust use, the SLC staff regards visitor-serving retail to be a trust-consistent use, hence the proposed change.

The increase in retail space is more than compensated for, however, by the addition of 11,700 glsf of programmed outdoor recreation space: the YMCA Facility would gain 10,000 glsf of outdoor recreational space, and the hockey rink in the Sports Valley would increase by 1,700 glsf. Although passive open space/public access would be reduced by 2,000 square feet to allow for the reconfiguration of the YMCA, the overall Project would still meet the total amount of open space required by BCDC. Overall, the net change in Recreational Enterprises and Recreational Boating and Water Use would be an increase of 5,700 glsf, from 332,975 glsf to 338,675 glsf. As a percent of Program Space, this category retains a 51% share.

Previously, all non-YMCA indoor recreation space was located at the northern (Bayside) end of the Pier 29 Shed. It has now been rearranged to face the Sports Valley, and 11,000 glsf has been relocated to the Pier 29 ½ Bulkhead Building. There are no changes proposed with respect to Recreational Boating and Water Use. The net change in retail space would be an increase of 6,000 glsf, from 119,000 glsf to 125,000 glsf.

Condition #3: There should be commitments from the developer to recreational programs and activities that are free to the public in both the indoor and outdoor spaces.

There are no changes proposed with respect to recreational programs and activities that are free to the public.

Condition #4: The maritime and recreational boating elements need to be further defined, clarified, and such uses should be developed to the maximum feasible extent.

There are no changes proposed with respect to the maritime and recreational boating elements.

Condition #5: Comprehensive detailed planning, including design and programming, of the Northeast Wharf Plaza is required to make this area usable to the public.

There are no changes proposed with respect to the Northeast Wharf Plaza.

Condition #9 -- Transportation Issues.

a. Through the environmental review process, specific transportation impacts and required mitigation measures need to be identified.

The City's EIR for the Project will analyze all proposed changes.

b. Parking should be for short-term use only (not employee parking) with priority for users of the recreation facilities.

There are no changes proposed with respect to parking.

c. The developer needs to work with the Port, MUNI and the Embarcadero Task Force to expand public transportation to the Site.

There are no changes proposed with respect to working with the Port, MUNI and the Embarcadero Task Force to expand public transportation to the Site.

d. The developer must develop and implement an effective Transportation Demand Management Program.

There are no changes proposed with respect to the Transportation Demand Management Program.

Condition #10. The development program should be changed to better address Required Uses, limit Permitted Uses so that they are ancillary, and eliminate uses not permitted. These changes should include:

a. Significantly reduce the amount of office, retail, and eating and drinking space.

b. Expand the interior space devoted to Recreational Enterprises.

c. Add other or restructure Recreational Enterprises, so that all the active recreation uses are not operated by a membership club (San Francisco YMCA).

There are no changes proposed with respect to general and maritime office space, or eating and drinking space. As discussed above, in reviewing the November 9, 2004, site plan, SLC staff determined that the Pier 29 Shed included too much non-trust use and recommended removing approximately 6,000 glsf of non-trust use from the Pier 29 Shed. Under the proposed minor changes, the project would replace 6,000 glsf of non-YMCA, indoor recreational space with 6,000 glsf of retail space. Unlike indoor, non-water oriented recreation, which the SLC staff regards as a non-trust use, the SLC staff regards visitor-serving retail to be a trust-consistent use, hence the proposed change. The increase in retail space is more than compensated for, however, by the addition of 11,700 glsf of outdoor recreation space. Even with the 6,000 glsf decrease of indoor recreation space, the total amount of indoor recreation space exceeds the amount proposed in the SLC approved plan by at least 50,000 square feet and exceeds the amount proposed in the Developer's original proposal by approximately 20,000 square feet.

d. Do not add or expand other Permitted Commercial Uses, such as Assembly & Entertainment or Visitor Services.

These uses remain eliminated.

e. Eliminate the Artisans' Gallery, which is not a permitted use.

This use remains eliminated.

Condition #11. The location of uses needs to be reorganized so that the entire open space network is activated. Commercial uses and open space need to be better integrated. Site planning changes are needed to address wind and shadow effects resulting from removal of the Pier 27 shed and construction of new building, as well as to address design guidelines.

With the proposed changes, the Revised Preferred Alternative Project will continue to satisfy Condition #11. The rearrangement of recreational and retail spaces within the Pier 29 Shed and Pier 29 ½ Bulkhead Building will continue to integrate those uses with and activate the adjacent open space and public access areas. The rearrangement of spaces in the Pier 29 Shed improves public access beneath the entire length of the two-story space between the Maritime Exhibit Center and The Embarcadero. There are no changes proposed to building heights or massing.

Financial Terms

The proposed minor changes to the use terms of the Revised Development Memorandum do not include any changes to the financial terms of the Revised Development Memorandum. Because retail space will increase slightly from 119,000 glsf to 125,000 glsf, the Port may reasonably expect its share of participation rent to improve over the 66 years of the Lease. Therefore, the Project will remain consistent with the financial requirements of the 13 Conditions, and even exceed them, as noted in the November 9, 2004 Staff Report to the Port Commission.

IV. STAFF RECOMMENDATION

Port Staff recommends that the Port Commission (i) endorse the proposed changes to the Revised Preferred Alternative Project described in Exhibit C and shown on Exhibits B and D to this Memorandum for submittal by the project sponsor to the City's Planning Department for purposes of environmental review under CEQA; (ii) endorse the proposed Amendment to Revised Development Memorandum on the terms set forth in Exhibit A attached to this Memorandum, and (iii) authorize the Port's Executive Director to enter into the Amendment to Revised Development Memorandum on or before July 15, 2005 to reflect the proposed changes.

Port staff makes this recommendation based on the following:

- The Project as defined in the Revised Development Memorandum will meet the Port's primary goals as stated in the following Mission Statement contained in the Amended RFP for this development opportunity:

  "The goal of this development is to create a unique and inviting waterfront mixed-use recreation project, integrating a varied mix of maritime and commercial uses and open space, including a major public plaza, oriented around active recreational pursuits. This mixed-use recreation project will provide a venue for all San Franciscans and Bay Area residents to participate actively as individuals or in groups, in diverse amateur recreational sports, physical fitness and related activities while enjoying the Recreation Project's scenic waterfront setting. The major public open space, the Northeast Wharf Plaza, will be a city and regional resource. The plaza and the other open spaces included in the Recreation Project will create opportunities for engaging in and viewing active recreational activities while enjoying expansive Bay views. New opportunities for recreational boating and other water uses will be created, and maritime berthing compatible with the adjacent new uses at Pier 27 will continue, including temporary ceremonial ship berthing and 'port of call' cruise ship berthing."

  "The Recreation Project will have a quality design that is authentic to the rich historic maritime industrial character of the Northeast Waterfront. The Recreation Project will be designed to respect this character, to create a focal point for new activity on the Northeast Waterfront, and to

maximize public access to and enjoyment of the Recreation Project's spectacular waterfront setting."

- The proposed minor changes to the use terms of the Revised Development Memorandum satisfy the 13 Conditions established by the Port Commission in the ERN, recognizing the Public Trust restrictions as expressed by the SLC and the California Attorney General's Office.

  - The Project will still promote maritime commerce and recreation by developing the Maritime Sports Basin, by constructing a water taxi landing, and by providing berths for temporary and ceremonial berthing of ships, and for transient berthing of recreational boats.
  - The Project will still provide active recreation, retail and restaurant uses that will attract visitors to the waterfront to use and enjoy the waterfront.
  - The Project will still create the 2.5 acre Northeast Wharf Plaza and a network of public access, including a perimeter walk of nearly ¾ of a mile in length, all of which will provide public access to the waterfront for active and passive recreation.
  - The Project will still continue the Portwalk and Bayside History Walk, allowing the public to learn the history of the piers through an interpretive signage program and displays of maritime artifacts.
  - The Project will still renovate, repair, restore and rehabilitate Piers 29, 29 ½ and 31 and the Belt Railroad Building, consistent with the Secretary of the Interior Standards for Rehabilitation, saving these significant historic maritime resources.
  - The Project will still repair the deteriorating pier substructure and will seismically upgrade the piers and sheds.
  - The Project will still generate a guaranteed income stream to the Port which represents the fair market rental value of the facility, and which exceeds the revenue that the Port receives from interim leasing of the facility.
  - The Port will still participate in the success and appreciation in value of the Project through Participation Rent, and participation in net proceeds from the sale and refinancing of the leasehold.
  - The City will still receive tax revenues from the Project, including possessory interest taxes, sales taxes and parking taxes.

V. EXHIBITS

Exhibit A: Proposed Minor Changes to Use Terms of the Revised Development Memorandum

Exhibit B: Annotated Site Plan

Exhibit C: Proposed Project Description

Exhibit D: Proposed Site Plan

Exhibit E: Proposed Resolution of the Port Commission

Prepared by: Lynda Swanson

Planning & Development

EXHIBIT A

PROPOSED MINOR CHANGES TO USE TERMS OF THE REVISED DEVELOPMENT MEMORANDUM

Note: Additions are *single-underline italics Arial*; deletions are ~~*strikethrough italics Arial*~~.

Section IV.C.2.b. would be amended to read as follows:

b. Other Indoor Active Recreation Uses. In addition to the space in the YMCA facility (referenced in IV.C.3.a above), no less than ~~*72,725*~~*66,725* Leasable Square Feet of indoor space devoted to the participation in, instruction of, and direct support (other than the sale of goods) for Active Recreation uses, subject to the following conditions:

Section IV.C.2.b.iv. would be amended to read as follows amended to read as follows:

iv. If the Leasable Square Feet of any particular Active Recreation Subtenant premises contains more than 25% of Accessory Uses, the increment above such 25% maximum shall not count toward the ~~*72,725*~~*66,725* Leasable Square Feet of Active Recreation required hereunder, but such increment shall be counted on a pro rata basis to its principal use, subject to any applicable limitations hereunder. For example, if a 10,000 square foot Active Recreation Subtenant premises contains 1,000 square feet of administrative offices, 2,000 square feet of food & beverage, and 1,000 square feet of retail, then 8,000 square feet of the use would be counted toward the ~~*72,725*~~*66,725* square foot minimum of Active Recreation (6,000 square feet of Active Recreation, plus 2,000 square feet of the Accessory Uses), and the remaining 2,000 square feet would be considered on a pro rata basis as follows: 500 square feet of general office use (subject to the limitations set forth in Section IV.C.3.b hereof), 1,000 square feet of Restaurants and Cafes (subject to the limitations set forth in Section IV.C.3.c hereof), and 500 square feet of Recreational Retail (subject to the limitations set forth in Section IV.C.3.a hereof).

Section IV.C.2.c. would be amended to read as follows:

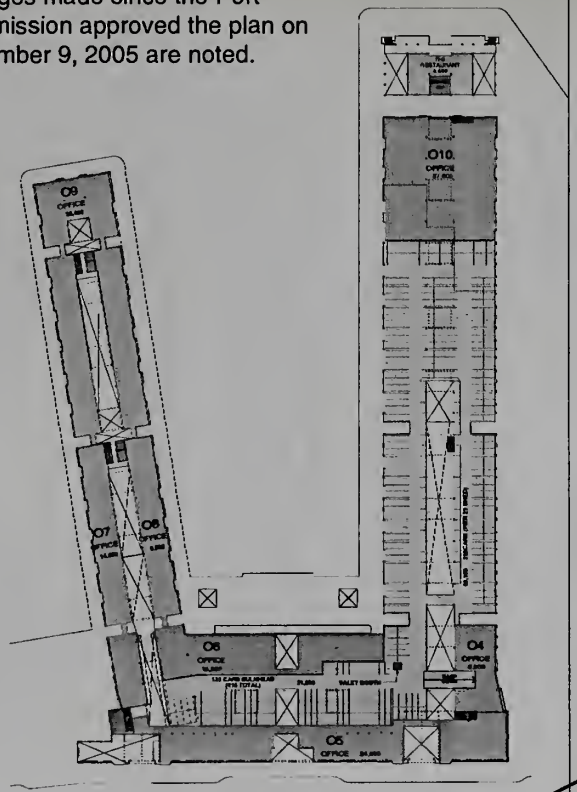
c. Outdoor Active Recreation Uses. No less than ~~*104,800*~~*116,500* square feet of outdoor space devoted to Active Recreation uses (i.e., the ~~*47,000*~~*57,000* square foot outdoor portion of the YMCA, the ~~*32,800*~~*34,500* square foot Sports Valley, and the 25,000 square foot outdoor portion of the indoor-outdoor Skateboard Park/BMX Track).

EXHIBIT B

ANNOTATED SITE PLAN

Current Plan - June 14, 2005

Changes made since the Port Commission approved the plan on November 9, 2005 are noted.



Indoor recreation moved to the passageway, closer to The Embarcadero. Required by State Lands.

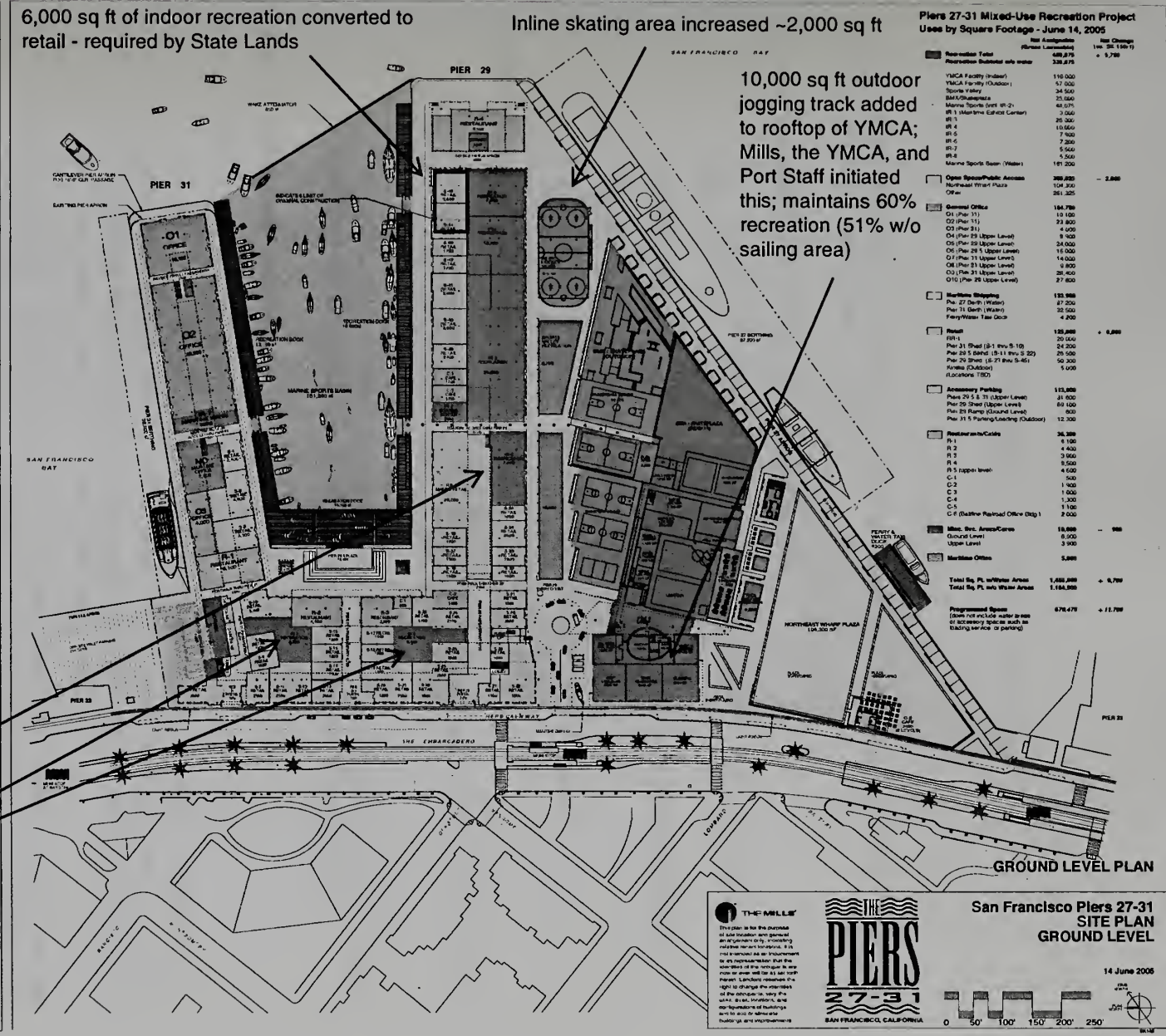
UPPER LEVEL PLAN

11,000 square feet of indoor recreation moved to these locations - required by State Lands

6,000 sq ft of indoor recreation converted to retail - required by State Lands

Inline skating area increased ~2,000 sq ft

10,000 sq ft outdoor jogging track added to rooftop of YMCA; Mills, the YMCA, and Port Staff initiated this; maintains 60% recreation (51% w/o sailing area)



Piers 27-31 Mixed-Use Recreation Project
Uses by Square Footage - June 14, 2005

	Net Change (Gross Square Feet)
Recreation Total	+ 9,700
Open Space/Public Access	- 2,000
General Office	
Maritime Shipping	
Retail	+ 8,000
Accessory Parking	
Restaurants/Cafés	
Misc. Svc. Areas/Cores	- 900
Maritime Office	
Total Sq. Ft. w/Water Areas	+ 8,700
Total Sq. Ft. w/o Water Areas	
Programmed Space (does not include water areas or accessory spaces such as loading service or parking)	+ 11,700

GROUND LEVEL PLAN

THE MILLS

THE PIERS 27-31
SAN FRANCISCO, CALIFORNIA

San Francisco Piers 27-31
SITE PLAN
GROUND LEVEL

14 June 2005

0 50' 100' 150' 200' 250'

EXHIBIT C

PROPOSED PROJECT DESCRIPTION

Attached as Exhibit D is the current site plan associated with the Preferred Alternative Project, SK 165, dated June 14, 2005[1].

The Project includes demolition or removal of:

- The non-historic Pier 27 Annex building (12,000 glsf) currently used as offices;
- The 1,400 sq. ft. non-historic addition to the Belt Railroad Office Building;
- The Teatro Zinzanni tent complex (18,000 glsf);
- The entire non-historic Pier 27 Terminal shed (233,000 glsf).

Preservation of historic buildings includes:

- The 1909 Mission Style Belt Railroad Office Building, which will be moved to the Northeast Wharf Plaza;
- The 1917-1918 connected piers of Piers 29, 29½ and 31 and the bulkhead building; the pier sheds on 29 and 31 and the connector wharf at 29½.

New construction includes:

Pier 27

- The 110,000 glsf indoor portion of the "YMCA on the Bay" will include a multi-pool aquatic center, a climbing center, multi-court gymnasium, Child Watch area, area with simulators to learn windsurfing and sailing, a health and wellness center, conference rooms and locker rooms.
- An outdoor 25,000 glsf YMCA Skateplaza/BMX Track with features resembling a street course skatepark, and accommodating BMX biking and inline skating
- The Outdoor YMCA space consists of recreational courts or fields totaling 36,000 glsf, a ChildWatch play area of 2,000 glsf, a YMCA terrace of 4,400 glsf, a 10,000 glsf rooftop jogging/exercise track, and additional playing areas south of the building totaling 4,600 glsf, for a total of 57,000 glsf.
- A 34,500 sq.-ft. wind-protected "Sports Valley" located between the new YMCA Facility and the Pier 29 Shed with recreational courts and fields, and a skating rink sized for use by inline, roller and, in winter, ice skating

[1] Note that there is no substantive difference between SK 162 approved by State Lands Commission staff in its letter of June 7, 2005 and SK 165.

- A new 2.4 acre Northeast Wharf Plaza fronting The Embarcadero at Lombard Street will also provide expansive views of the Bay. The Plaza will be designed to be used both as a freestanding waterfront park and a water-oriented recreational facility, with areas for both passive and active recreation. The surface will be half lawn-like (closer to the YMCA Building) and half hardscape (closer to the water). The Belt Railroad Building will be moved to the edge facing The Embarcadero and will contain a two-story café with public restrooms.
- A 4,200 square-foot Ferry/Water-Taxi Dock will be added at the western edge of Pier 27, against The Embarcadero.

Pier 29 and Marine Sports Basin

- A 161,200 sq.-ft. Marine Sports Basin with an additional 44,800 sq. ft. of floating docks for recreational use, a wake attenuator, a 2,000 glsf Boating Center, 625 glsf kiosk and short-term/overnight berthing of small boats. The Marine Sports Basin will be protected by a wake attenuator device at the entrance to the Basin. Baffles will be placed beneath the piers to prevent small boats from getting beneath the piers.
- A two-story, approximately 16,000 sq. ft. restaurant pavilion at the pier end

Pier 31

- A new 650 ft-long berth at Pier 31 and public access walkway, neither of which now exists owing to the deterioration of the pier

Active Recreation Uses

The Piers 27-31 Mixed-Use Recreation Project will result in a mix of indoor, outdoor and water-oriented active recreation uses.

Recreational Enterprises will occupy 293,225 glsf of indoor and outdoor space. Besides the programs noted above, indoor recreation programs in Pier 29 will include a Bowling Center and a variety of sports and recreation activities such as batting cages, billiards, dance and martial arts studios, golf instruction and simulators, slot car racing, and a surfing/wave-riding facility. A 3,000 glsf Maritime Exhibit Center will be located in Pier 31.

Recreational Boating and Water Use, including the Water Basin, will occupy 206,650 glsf.

Public Access

Some thirty-five percent of the ground level area of the Project will be public access, not including the Northeast Wharf Plaza. The public will be able to walk the entire perimeter of the piers more than 4,000 linear feet and will be able to gather at certain points within the Project, including the Marine Sports Basin main dock. The Port's PortWalk, and the Bayside History Walk will be continued on this site.

Maritime Uses

Maritime uses will include the creation of the Marine Sports Basin, a ferry/water taxi dock, maritime office space, the retention of the Pier 27 berth for temporary and ceremonial berthing, and the creation of the new Pier 31 berth.

Recreation-Oriented Retail

A maximum of 125,000 glsf of retail space will be allowed, including 5,000 glsf of kiosks. Of this retail space, the Port requires that at least 95,000 glsf will be occupied by recreation-related uses that will provide equipment, services and information for the various sports carried out throughout the Recreation Project. The recreational retail space will generally be located in the Bulkhead Building with additional space in Pier 29.

Cafes and Restaurants

Cafes and restaurants will occupy 36,300 glsf, offering quick snacks and full-service dining. Formula fast food restaurants will be prohibited, and no more than 50% of restaurant and café space may be occupied by formula full service restaurants.

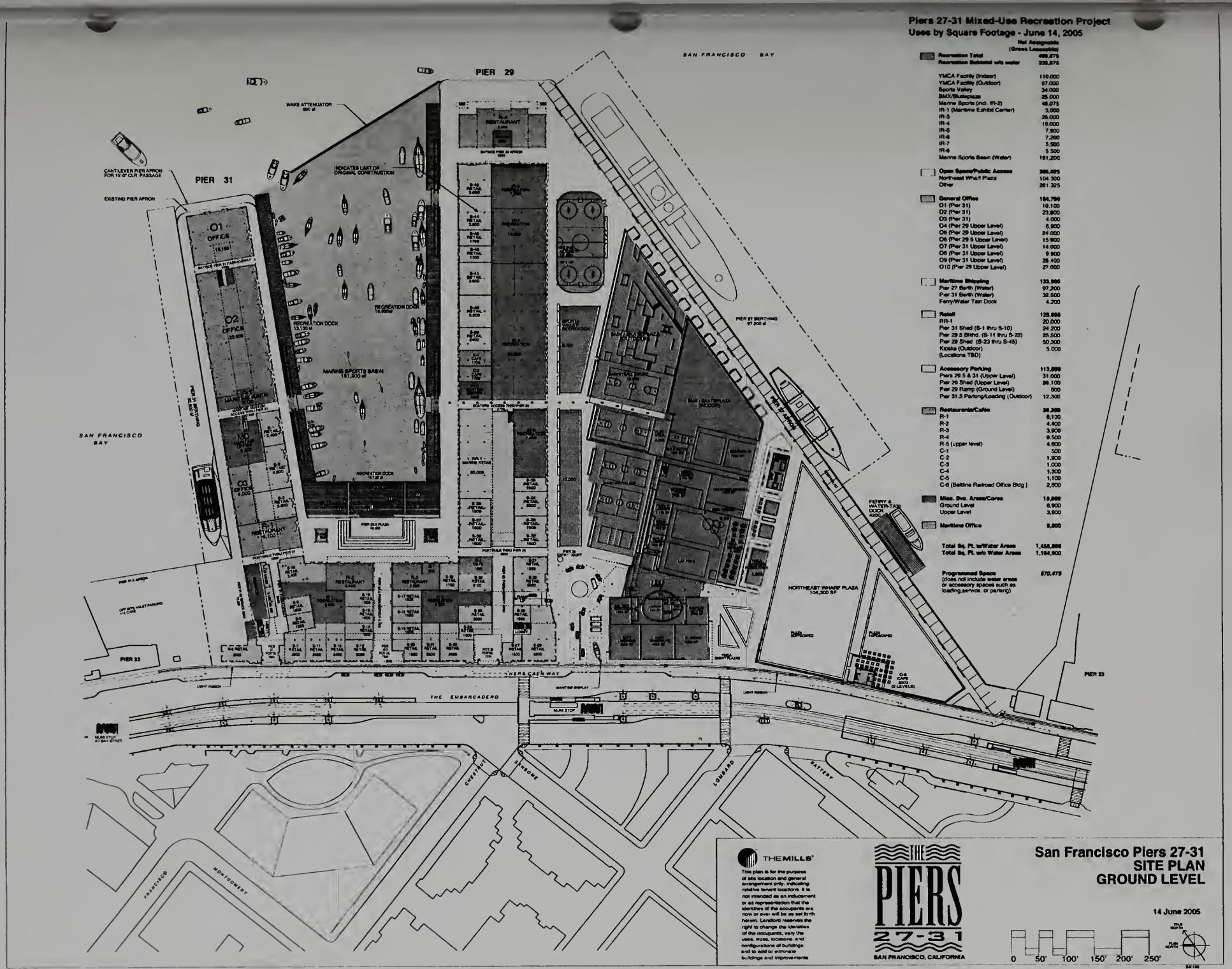
General Office and Parking

A maximum of 164,700 glsf of general office space will be allowed, which will be located in Pier 31, and on portions of the 2nd floor of the Bulkhead Building. Short-term, valet-assisted parking of 415 spaces will be on the upper levels of Pier 29 and the Bulkhead Building. Initially, 518 parking spaces, occupying 139,700 glsf, will be provided. Of this, 22,000 glsf may be converted to office space in the future, reducing the parking to 117,700 glsf, or 415 spaces. In no event will general office space exceed 164,700 glsf.

EXHIBIT D

PROPOSED GROUND LEVEL SITE PLAN – SK 165, June 14, 2005,

PROPOSED UPPER LEVEL SITE PLAN – SK 165, June 14, 2005



Piers 27-31 Mixed-Use Recreation Project
Uses by Square Footage - June 14, 2005

	Net Assignable (Gross Leaseable)
Recreation Total	**469,875**
Recreation Subtotal w/o water	**338,875**
YMCA Facility (Indoor)	116,000
YMCA Facility (Outdoor)	97,000
Sports Valley	34,000
BMX/Skatepiaza	25,000
Marine Sports (incl. IR-2)	48,075
IR-1 (Maritime Exhibit Center)	3,000
IR-3	25,000
IR-4	10,000
IR-5	7,900
IR-6	7,200
IR-7	5,500
IR-8	5,500
Marine Sports Basin (Water)	131,000
Open Space/Public Access	**365,625**
Northeast Wharf Plaza	104,300
Other	261,325
General Office	**184,700**
O1 (Pier 31)	10,100
O2 (Pier 31)	23,800
O3 (Pier 31)	4,000
O4 (Pier 29 Upper Level)	6,900
O5 (Pier 29 Upper Level)	24,000
O6 (Pier 29 5 Upper Level)	15,900
O7 (Pier 31 Upper Level)	14,000
O8 (Pier 31 Upper Level)	9,900
O9 (Pier 31 Upper Level)	28,400
O10 (Pier 29 Upper Level)	27,000
Maritime Shipping	**133,900**
Pier 27 Berth (Water)	97,200
Pier 31 Berth (Water)	32,500
Ferry/Water Taxi Dock	4,200
Retail	**125,000**
RR-1	20,000
Pier 31 Shed (S-1 thru S-10)	24,200
Pier 29 5 Bldhd. (S-11 thru S-22)	25,500
Pier 29 Shed (S-23 thru S-45)	50,300
Kiosks (Outdoor) (Locations TBD)	5,000
Accessory Parking	**113,000**
Piers 29 5 & 31 (Upper Level)	31,000
Pier 29 Shed (Upper Level)	26,100
Pier 29 Ramp (Ground Level)	600
Pier 31.5 Parking/Loading (Outdoor)	12,300
Restaurants/Cafés	**26,200**
R-1	6,100
R-2	4,400
R-3	3,900
R-4	9,500
R-5 (upper level)	4,800
C-1	500
C-2	1,900
C-3	1,000
C-4	1,300
C-5	1,100
C-6 (Beltline Railroad Office Bldg.)	2,600
Misc. Bns. Areas/Cores	**19,000**
Ground Level	6,900
Upper Level	3,900
Maritime Office	**5,000**
Total Sq. Ft. w/Water Areas	**1,455,000**
Total Sq. Ft. w/o Water Areas	**1,184,900**
Programmed Space (does not include water areas or accessory spaces such as loading,service, or parking)	**670,475**

THE MILLS

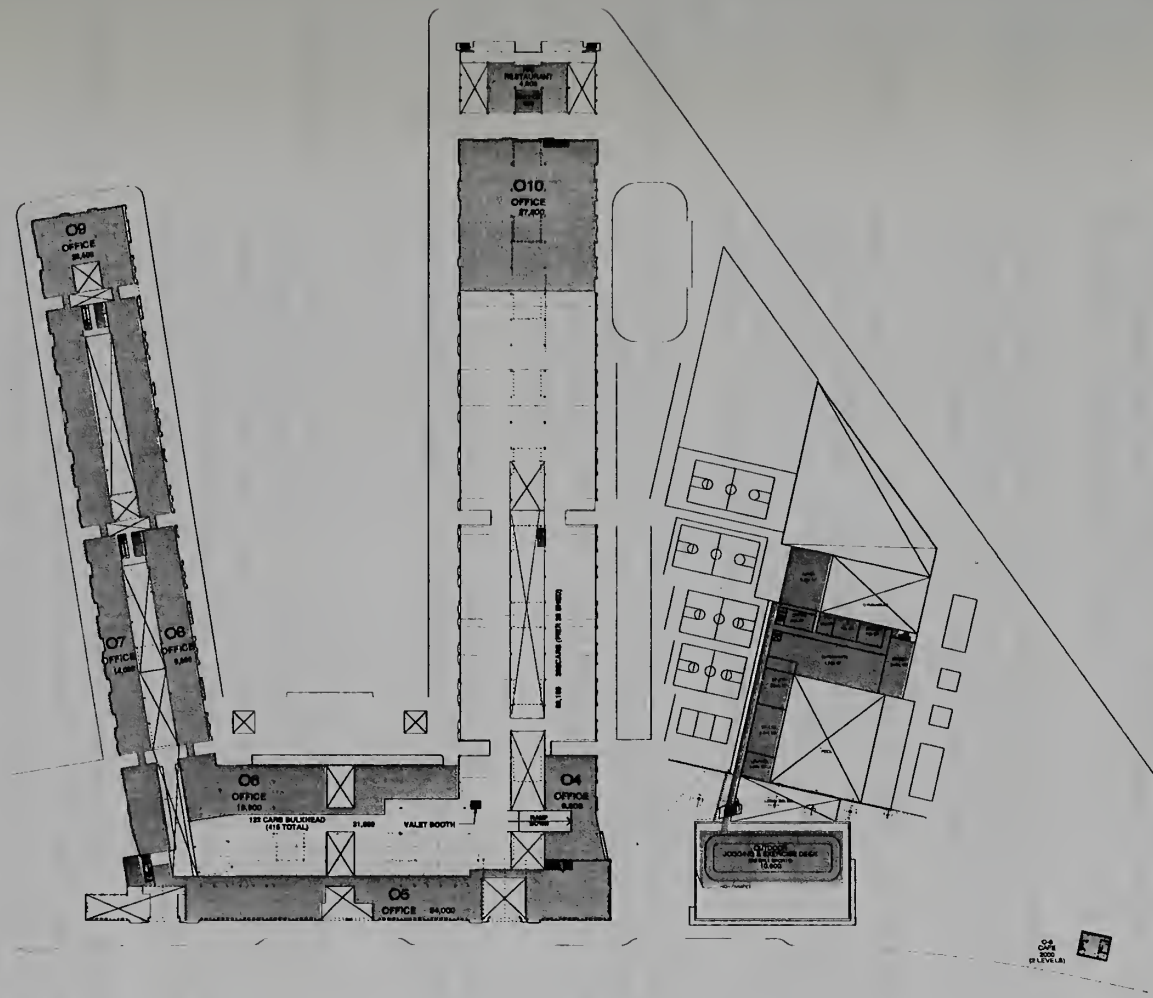
This plan is for the purpose of site location and general arrangement only, indicating relative tenant locations. It is not intended as an inducement or as representation that the identities of the occupants are now or ever will be as set forth herein. Landlord reserves the right to change the identities of the occupants, vary the uses, sizes, locations, and configurations of buildings and to add or eliminate buildings and improvements.

THE PIERS 27-31
SAN FRANCISCO, CALIFORNIA

San Francisco Piers 27-31
SITE PLAN
GROUND LEVEL

14 June 2005

0 50' 100' 150' 200' 250'



Piers 27-31 Mixed-Use Recreation Project
Uses by Square Footage - June 14, 2005

	Net Assignable (Gross Leasable)
Recreation Total	**488,875**
Recreation Subtotal w/o water	**336,875**
YMCA Facility (Indoor)	110,000
YMCA Facility (Outdoor)	57,000
Sports Valley	34,500
BMX/Skateplaza	25,000
Marine Sports (incl. IR-2)	48,075
IR-1 (Maritime Exhibit Center)	3,000
IR-3	25,000
IR-4	10,000
IR-5	7,900
IR-6	7,200
IR-7	5,500
IR-8	5,500
Marine Sports Basin (Water)	151,200
Open Space/Public Access	**366,525**
Northeast Wharf Plaza	104,300
Other	261,325
General Office	**164,700**
O1 (Pier 31)	10,100
O2 (Pier 31)	23,800
O3 (Pier 31)	4,000
O4 (Pier 29 Upper Level)	8,900
O5 (Pier 29 Upper Level)	24,000
O6 (Pier 29.5 Upper Level)	15,900
O7 (Pier 31 Upper Level)	14,000
O8 (Pier 31 Upper Level)	8,900
O9 (Pier 31 Upper Level)	28,400
O10 (Pier 29 Upper Level)	27,800
Maritime Shipping	**133,900**
Pier 27 Berth (Water)	97,200
Pier 31 Berth (Water)	32,500
Ferry/Water Taxi Dock	4,200
Retail	**126,000**
RR-1	20,000
Pier 31 Shed (S-1 thru S-10)	24,200
Pier 29.5 Blind. (S-11 thru S-22)	25,500
Pier 29 Shed (S-23 thru S-45)	50,300
Kiosks (Outdoor)	5,000
(Locations TBD)	
Accessory Parking	**113,000**
Piers 29.5 & 31 (Upper Level)	31,000
Pier 29 Shed (Upper Level)	69,100
Pier 29 Ramp (Ground Level)	000
Pier 31.5 Parking/Loading (Outdoor)	12,300
Restaurants/Cafés	**28,300**
R-1	8,100
R-2	4,400
R-3	3,000
R-4	9,500
R-5 (upper level)	4,000
C-1	500
C-2	1,000
C-3	1,000
C-4	1,300
C-5	1,100
C-6 (Sellina Railroad Office Bldg.)	2,000
Misc. Svc. Areas/Cores	**10,000**
Ground Level	8,000
Upper Level	3,000
Maritime Office	**5,000**
Total Sq. Ft. w/Water Areas	**1,465,800**
Total Sq. Ft. w/o Water Areas	**1,164,900**
Programmed Space (does not include water areas or accessory spaces such as loading,service, or parking)	**679,475**

THE MILLS

This plan is for the purpose of site location and general arrangement only, indicating relative tenant locations. It is not intended as an inducement or as representation that the identities of the occupants are now or ever will be as set forth herein. Landlord reserves the right to change the identities of the occupants, vary the uses, sizes, locations, and configurations of buildings and to add or eliminate buildings and improvements.

THE PIERS 27-31
SAN FRANCISCO, CALIFORNIA

San Francisco Piers 27-31
SITE PLAN
UPPER LEVEL

14 June 2005

0 50' 100' 150' 200' 250'

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 05-40

WHEREAS, On November 9, 2004, after a duly noticed public hearing, the Port Commission approved by Resolution 04-95, the Third Amendment to the Exclusive Right to Negotiate, which extends until March 31, 2006, the Exclusive Right to Negotiate (ERN) with S.F. Piers 27-31 LLC ("Developer"), to develop a mixed-use recreation project at Piers 27-31 ("Piers 27-31 Mixed-Use Recreation Project"); and includes certain Performance Benchmarks attached thereto as Exhibit 1 (the "Performance Benchmarks"); and

WHEREAS, On November 9, 2004, after a duly noticed public hearing, the Port Commission endorsed by Resolution 04-95, the Revised Development Memorandum, including a Revised Preferred Alternative Project and financial terms; and

WHEREAS, Under Benchmark #6 to the ERN Agreement, as amended, the Developer, in cooperation with the Port, was required to request an opportunity to present the Preferred Alternative Project to the State Lands Commission ("SLC") staff to confirm that it fell within the guidelines of the June 2003 State Lands Commission determination concerning the Public Trust and the Burton Act; and

WHEREAS, Developer and Port staff have recently completed their consultations with the SLC staff regarding the Revised Preferred Alternative Project, and, based on SLC recommendations, Port staff and Developer propose minor changes to the Preferred Alternative Project; and

WHEREAS, Overall, these changes would result in a net increase of recreational space of 5,700 gross leasable square feet ("glsf"), and a net increase in retail space of 6,000 glsf; and

WHEREAS, SLC staff have reviewed the proposed minor changes to the Revised Preferred Alternative Project and determined that with such minor changes, the Preferred Alternative Project will remain consistent with the determination by the SLC on June 2, 2003, that the Piers 27-31 Mixed-Use Recreation Project is consistent with the public trust and the Burton Act (the "2003 SLC Determination"); and

WHEREAS, Under Benchmark #3 to the ERN Agreement, as amended, if the Revised Preferred Alternative Project endorsed by the Port Commission on November 9, 2004 is materially changed during the period of the ERN extension, particularly as a result of direction provided from a regulatory entity empowered to authorize such a change, the Developer shall present to the Port Commission pertinent information about those changes, including, but not limited to information on the site plan, table of uses and financial terms; and

WHEREAS, Developer has provided Port staff with all the information required under Benchmark #3, and has presented the proposed changes to the Port Commission at its June 14, 2005 hearing; and

WHEREAS, With the adoption of the proposed minor changes to the Revised Preferred Alternative Project and the use terms of the Revised Development Memorandum, the Project remains consistent with the 2003 SLC Determination and the 13 Conditions, and still provides benefits to the Port and the community beyond the minimum requirements of the 13 Conditions; and

WHEREAS, For the reasons set forth in the Memorandum to Port Commissioners dated June 7, 2005 for Calendar Item No. 10B (the "Staff Report") (a copy of which is on file with the Secretary for the Port Commission and incorporated herein by this reference), the Port Commission finds that the terms of the proposed minor changes to the Revised Development Memorandum, including to the Revised Preferred Alternative Project plans attached thereto as Attachment 3, meet the 13 Conditions imposed by the Port Commission in the ERN; and

WHEREAS, Because the Developer is responsible for all regulatory approvals, including a permit from the Bay Conservation and Development Commission ("BCDC"), and because the BCDC permit requires a finding by the BCDC, upon advice by the SLC through a letter from its Executive Director, that the Revised Preferred Alternative Project is consistent with the public trust, the ERN requires Developer to present the Revised Preferred Alternative Project to the SLC and BCDC staff; and

WHEREAS, Based on a review of SLC approval of Calendar Item 47 at the State Lands Commission meeting of June 2, 2003, the letter from the State Lands Commission dated June 7, 2005, and for the reasons set forth in the Port Staff Report dated October 8, 2004 and June 7, 2005 (a copy of which is on file with the Secretary for the Port Commission and incorporated herein by this reference), the Port Commission finds that the terms of the proposed minor changes to the Revised Development Memorandum, including to the Revised Preferred Alternative Project plans attached thereto as Attachment 3, remain consistent with the public trust and the Burton Act; now, therefore, be it

RESOLVED, That the Port Commission hereby endorses the Revised Preferred Alternative Project described in Exhibits B and D to the June 7, 2005 Staff Report (which Exhibits are incorporated herein by this reference) for submittal by the project sponsor to the City's Planning Department for purposes of environmental review under the California Environmental Quality Act ("CEQA"); and be it further

RESOLVED, That the Port Commission hereby endorses the terms of the Amendment to Revised Development Memorandum, on the terms and conditions set forth in Exhibit A to the Staff Report, which terms and conditions are incorporated herein by this reference; and be it further

RESOLVED, That the Port Commission hereby authorizes and directs the Executive Director of the Port to take all such further actions, including execution of the Amendment to Revised Development Memorandum and such other documents in consultation with the City Attorney, as are necessary to implement the intent of this Resolution; and be it further

RESOLVED, That the Port will not enter into a final Lease or Lease Disposition and Development Agreement for the Project which would allow for its development until there has been complete compliance with CEQA.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of June 14, 2005.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

June 9, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Kimberly Brandon
Hon. Sue Bierman
Hon. Ann Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Presentation on proposed legislation to change the height and bulk designations on Port Seawall Lots 324 and 322-1 (site of Embarcadero Hotel Project)

DIRECTOR'S RECOMMENDATION: No Action Required - Informational Presentation

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Background

On February 22, 2005 Supervisor Aaron Peskin introduced legislation to amend the City's Zoning Map to change the height and bulk designations on Blocks 139, 140 and 141. Block 139 and a portion of a Block 140 fall within Port jurisdiction and include the site for the proposed Embarcadero Hotel Project.

Block 139 is the Port's Seawall Lot 324 located at Broadway and The Embarcadero. It is currently zoned 84-E (84 feet) and is the site for the proposed hotel. Block 140 is the Port's Seawall Lot 322-1, bounded by Davis Street, Broadway, Front and Vallejo Streets. It is also currently zoned 84-E (84 feet) and is the site for the proposed hotel garage. (See attached Site Plan). The proposed ordinance would change the height on Seawall Lot 322-1 from 84 feet to 65 feet and on Seawall Lot 324 from 84 feet to 40 feet.

The legislation was referred to the San Francisco Planning Department for environmental review and recommendation. The Planning Department staff recommended the creation of a Special Height District for Seawall Lot 324. (See attached Planning Department Staff Report). The matter was then referred to the Planning Commission for recommendation.

THIS PRINT COVERS CALENDAR ITEM NO. 10C

At a three-hour hearing held on May 26, 2005, the Planning Commission took testimony from Supervisor Peskin, many members of the community, Planning Department staff, the Stanford development team and Port staff. The Planning Commission supported the recommendation of the Executive Director to reduce the height on Seawall Lot 322-1 to 65 feet and to reject the provision to reduce the height on Seawall Lot 324 to 40 feet. Planning Department staff asserted that 40 feet was too low for a building on a prominent corner such as Broadway and The

Embarcadero. The proposed hotel building should match the height of the Golden Gateway Commons building directly across Broadway.

The Planning Commission made the following recommendations:

(a) On SWL 322-1, reduce the height to 65 feet, as proposed in the legislation;

(b) On SWL 324, establish a Broadway-Embarcadero Special Height District wherein the maximum height to the top of any parapet cap shall not exceed 58 feet and the maximum height of any feature including but not limited to exemptions specified in Planning Code Section 260(b) (*) shall not exceed the lower of 65 feet or the limitations in Planning Code Section 260(b).

(*) Section 260(b) refers to non-occupied areas such as elevator and mechanical penthouses, appurtenances necessary to the operation of the building, railings, parapets, fire escapes, catwalks, etc.

The compromise recommended above allows for 58 feet to the top of the building parapet and 65 feet (or lower if required by code) to the top of any mechanical equipment.

The chart below summarizes the current status of the legislation and the hotel project:

Block	Seawall Lot	Current Zoning	Proposed Zoning	Planning Commission Recommendation	Hotel Project Heights (Current Design)
139	324	84-E (*)	40-X (*)	58' to top of parapet 65' to top of mechanical	Hotel: 65' to top of roof, 77' to top of roof at corner of Broadway & Embarcadero 69' to top of parapet 81' to top of mechanical 84' to top of ladder
140	322-1	84-E	65-X	65-X	Garage: 30' to top of roof 39' to top of stair towers

(*) "E" and "X" refer to Bulk Limits; E requires reduced massing above 65 feet; X refers to how height is measured on sloped streets

The zoning legislation now goes to the Land Use Committee of the Board of Supervisors, then to the full Board for two readings, and then, if passed, for signature by the Mayor. No date has been set yet for the Land Use Committee hearing.

Analysis of the Planning Commission Recommendation

The Planning Department staff recommended the creation of a Special Height District for Seawall Lot 324, and the Planning Commission approved the recommendation. The recommendation proposes a compromise on this parcel of 58 feet to the top of any parapet, similar to the height of the building façade of the Golden Gateway Commons (GGC) building, which is located across Broadway from the hotel site. Mechanical equipment can rise up to 65 feet, similar to the height of stair towers and chimneys at GGC.

In effect, the Planning Commission has recommended that any structure built on Seawall Lot 324 have a profile similar to GGC. (See attached photo). By mirroring the image of GGC, this will create "bookends" at the entrance to Broadway with buildings of identical height.

The compromise proposed above will affect Stanford Hospitality's current hotel design. There will be a loss of hotel rooms but the full impact is not yet known. Stanford is studying the impacts of the compromise and will inform the Port.

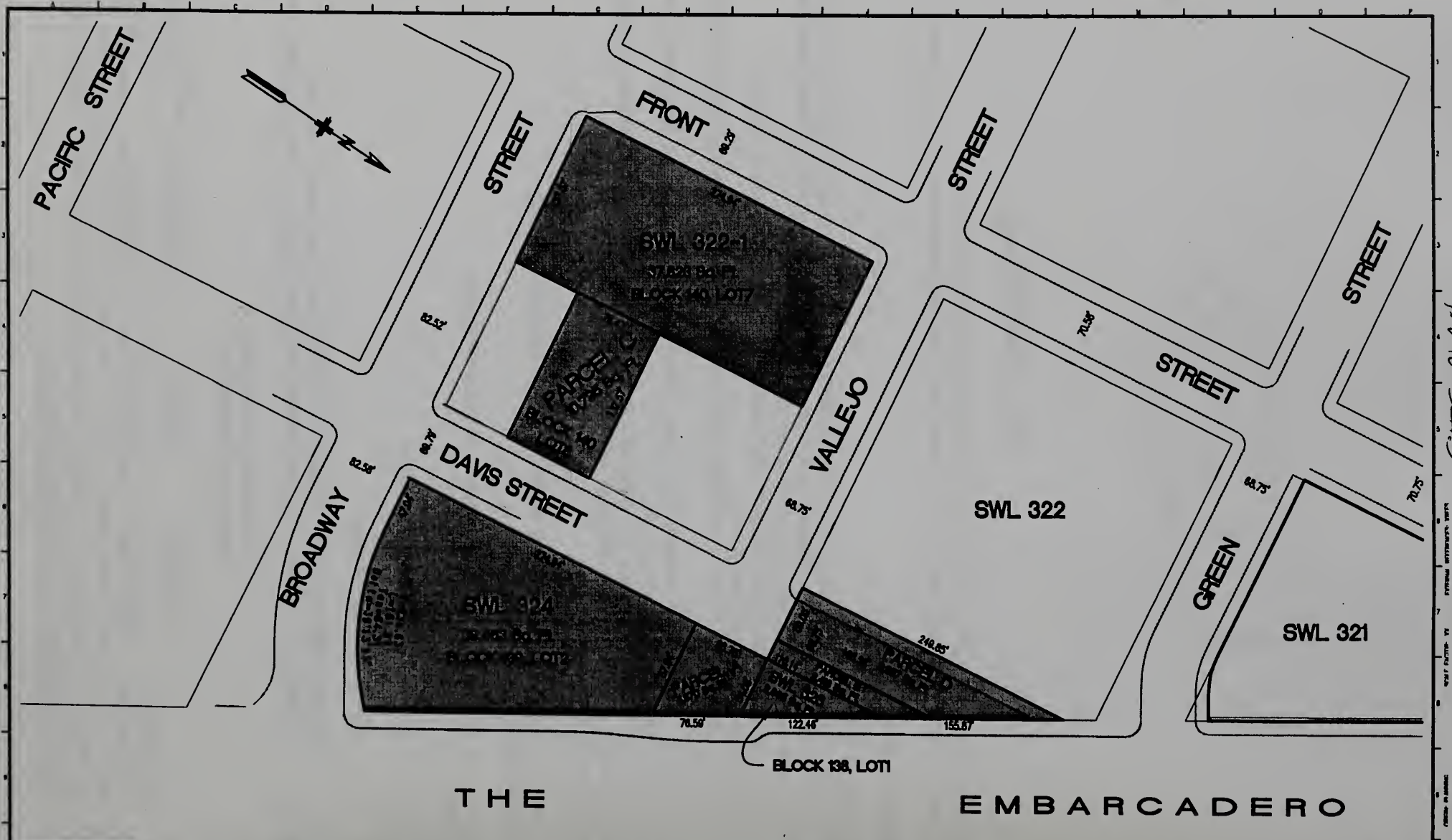
Stanford's current hotel design is at 65 feet (77 feet at the corner of Broadway and The Embarcadero), and this design has been discussed with the community for over two years. Port staff has supported this height and design, believing it to be an attractive and appropriate building for the site. However, because of substantial community opposition which has led to the current proposed legislation to down-zone the hotel parcel, Port Staff believes that it may not be possible to build a hotel at 65 feet at this site.

Port Staff believes that the Planning Commission compromise to establish a Broadway-Embarcadero Special Height District (with the heights as set forth above) is a reasonable alternative to the proposed legislation lowering the height to 40 feet.

Also, the proposed legislation reduces the height on Seawall Lot 322-1 (Block 140) from 84 feet to 65 feet. A reduction in height to 65 feet on this lot is reasonable and will not affect the current hotel project in that the hotel garage rises to 39 feet on this parcel.

Port Staff seeks direction, comments or suggestions from the Port Commission on this matter.

Prepared by: Jennifer Sobol
Project Manager
Planning & Development



NO. DATE DESCRIPTION BY APP'D TABLE OF REVISIONS CHECK WITH TRACING TO SEE IF YOU HAVE LATEST REVISION	REFERENCE INFORMATION & FILE NO. OF SURVEYS	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	DESIGNED: JS 10/16/18 DRAWN: AN 10/16/18 CHECKED: JS 10/16/18	APPROVED BY SAN FRANCISCO PORT COMMISSION DATE: _____ CHIEF HARBOR ENGINEER	SCALE: 1" = 120' REV. NO. XX	EMBARCADERO HOTEL SITE FIGURE 1 - SITE PLAN	CONTRACT NO. N/A DRAWING NO. 11785-324-PL SHEET OF SHEETS PL-1 1 OF 1

PLANNING DEPARTMENT

City and County of San Francisco • 1660 Mission Street, Suite 500 • San Francisco, California • 94103-2414

MAIN NUMBER	DIRECTOR'S OFFICE	ZONING ADMINISTRATOR	PLANNING INFORMATION	COMMISSION CALENDAR
(415) 558-6378	PHONE: 558-6411	PHONE: 558-6350	PHONE: 558-6377	INFO: 558-6422
	4TH FLOOR	5TH FLOOR	MAJOR ENVIRONMENTAL	INTERNET WEB SITE
	FAX: 558-6426	FAX: 558-6409	FAX: 558-5991	WWW.SFGOV.ORG/PLANNING

EXECUTIVE SUMMARY

For Hearing on May 26, 2005

CASE NUMBER: **2005.0219Z: Rezoning Height Change for Block 01395, 0140 and 0141(Bounded by Embarcadero, Broadway, Vallejo and Battery) from 84-E to 65-X and 40-X.**

PLANNER: Paul Lord, (415) 558-6311

REVIEWED BY: Dean L. Macris, Planning Director

APPLICANT AND FILING DATE: Supervisor Aaron Peskin initiated on February 22, 2005

PRELIMINARY RECOMMENDATION

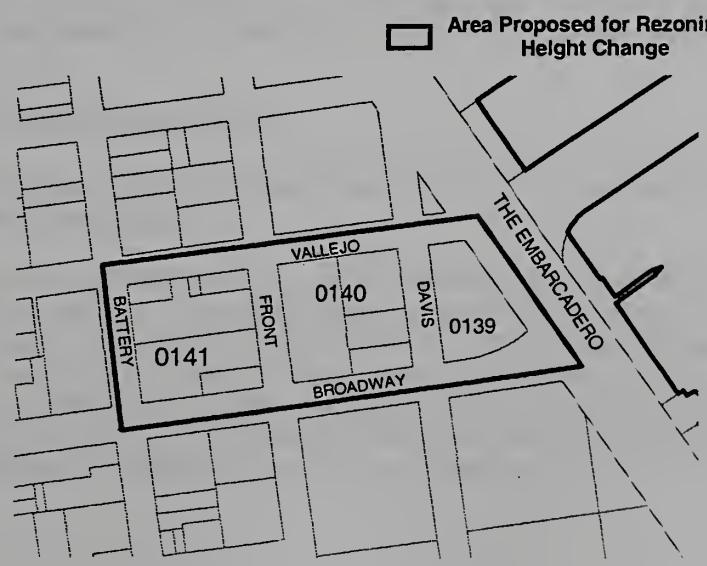
Recommend Board of Supervisors Approval with modifications. See attached draft motion.

BASIS FOR RECOMMENDATION

- This draft ordinance complies with the applicable requirements of the Planning Code.
- The draft ordinance with recommended modifications is consistent with the following objectives and policies of the Urban Design Element of the General Plan.
  - ✓ POLICY 1.1 Recognize and protect major views in the city, with particular attention to those of open space and water.
  - ✓ POLICY 3.5 Relate the height of buildings to important attributes of the city pattern and to the height and character of existing development.
  - ✓ POLICY 3.6 Relate the bulk of buildings to the prevailing scale of development to avoid an overwhelming or dominating appearance in new construction.
- Approval of the draft ordinance with Planning Staff proposed modifications will maintain comparable heights on the north and south side of Broadway while still decreasing the allowable building heights moving west to east towards the waterfront.

PROJECT DESCRIPTION

Ordinance, as drafted, would amend the San Francisco Zoning Maps to modify the allowable building heights on Assessor's Blocks 0140 and 0141 from 84-E to 65-X and on Block 0139 from 84-X to 40-X.



PLANNING DEPARTMENT

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Existing Height Districts Surrounding Assessor's Blocks 0139, 0140 & 0141



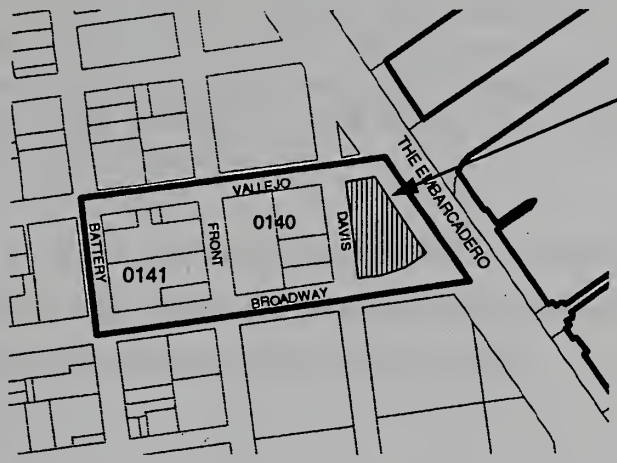
ISSUES AND CONSIDERATIONS REGARDING THE DRAFT ORDINANCE

The draft ordinance is in part attempting to address urban design concerns raised by nearby property owners for the proposed Embarcadero Hotel project on an existing Port of San Francisco surface public parking lot that entirely covers Assessor's Block 0139.

REQUIRED PLANNING COMMISSION ACTION

Adopt Draft Resolution (attached as Exhibit A) recommending Board of Supervisors approval of the draft ordinance dated February 22, 2005 with modifications.

The Planning staff proposed modifications to the draft ordinance are to recommend changing the heights on Assessor's Block 0139 from 84-E to a "Broadway-Embarcadero Special Height District" wherein the maximum height to the top of any parapet cap shall not exceed 58 feet and the maximum height of any feature including but not limited to exemptions specified in Planning Code Section 260(b) shall not exceed the lower of 65 feet or the limitations in Planning Code 260(b). The applicable bulk limitation is this Special Height District shall be "X" as defined in Planning Code Section 270. The Planning Department staff further recommends approval of the draft ordinance changes for Assessor's Blocks 0140 and 0141 from 84-E to 65-X.



Block 0139 – Area Proposed by staff for Special 58 Feet Height District

ENVIRONMENTAL REVIEW STATUS

An environmental evaluation application (2005.0219E) was commenced on March 2, 2005. A General Rule Exclusion from further CEQA review was prepared and withdrawn the week of April 18, 2005. Instead, an Addendum to the Port of San Francisco Waterfront Land Use Plan EIR was prepared May 18, 2005, pursuant to CEQA Guidelines 15162 and 15164. No public noticing is required, however all parties who have commented on the project, and affected agencies, have been sent copies of the environmental review. Should you wish to review the EIR, it is available through the MEA Section of the Planning Department. The packet includes the Addendum, the original EIR certification motion, EIR Summary, and EIR Existing Land Use map of the area.

EXHIBITS

Draft Planning Commission Resolution
Draft Board of Supervisors Ordinance

SAN FRANCISCO

CITY PLANNING COMMISSION

RESOLUTION NO.

ADOPTING FINDINGS RELATING TO AN ORDINANCE AMENDING REZONING HEIGHT CHANGE FOR ASSESSOR'S BLOCKS 01395, 0140 AND 0141 (BOUNDED BY EMBARCADERO, BROADWAY, VALLEJO AND BATTERY) FROM 84-E TO 65-X AND 40-X, AND MAKING FINDINGS OF CONSISTENCY WITH THE PRIORITY POLICIES OF PLANNING CODE SECTION 101.1 AND THE GENERAL PLAN.

WHEREAS, the Supervisor Peskin has, on February 22, 2005, initiated amendments to the Planning Code modify Zoning Map height designations of Assessor's Block 0139 from 84-E to 40-x and Blocks 0140 and 0141 from 84-E to 65-X.

The Planning Code

The proposed Zoning Map and Planning Code amendments serve the public necessity, convenience and welfare.

An environmental evaluation application (2005.0219E) was commenced on March 2, 2005. A General Rule Exclusion from further CEQA review was prepared and withdrawn the week of April 18, 2005.

An Addendum to the Port of San Francisco Waterfront Land Use Plan EIR was prepared May 18, 2005, pursuant to CEQA Guidelines 15162 and 15164.

THEREFORE BE IT RESOLVED THAT, The Commission finds the proposed Planning Code amendment is consistent with the General Plan and the eight priority planning policies established by Planning Code Section 101.1 in that:

a. The proposed amendment would not adversely affect the viability of existing neighborhood serving retail uses.
b. The proposed amendment would enhance existing neighborhood character.
c. The City's supply of affordable housing would not be affected.
d. Municipal transit would not be adversely affected.
e. No industrial establishment would be displaced by the proposal.
f. The proposal would not affect the community's preparation for an earthquake because it addresses only uses within buildings rather than building structure.
g. The proposal would not affect landmarks or historic buildings.
h. The proposal does decrease building envelopes while increasing potential sunlight exposure to portions of the northeastern waterfront.

BE IT FURTHER RESOLVED THAT, the Commission hereby RECOMMENDS the Board of Supervisors approve the Planning Code amendments as presented in the draft ordinance signed by the City Attorney dated February 22, 2005.

BE IT FURTHER RESOLVED THAT, the Commission hereby RECOMMENDS modification of the draft ordinance changing the heights on Assessor's Block 0139 from an 84-E to a "Broadway-Embarcadero Special Height District" wherein the maximum height to the top of any parapet cap shall not exceed 58 feet and the maximum height of any feature including but not limited to exemptions specified in Planning Code Section 260(b) shall not exceed the lower of 65 feet or the limitations in Planning Code 260(b). The applicable bulk limitation is this Special Height District shall be "X" as defined in Planning Code Section 270. The Planning Department staff further recommends approval of the draft ordinance changes for Assessor's Blocks 0140 and 0141 from 84-E to 65-X.

I hereby certify the PLANNING COMMISSION at the foregoing Resolution was ADOPTED by the City Planning Commission on May 26, 2005.

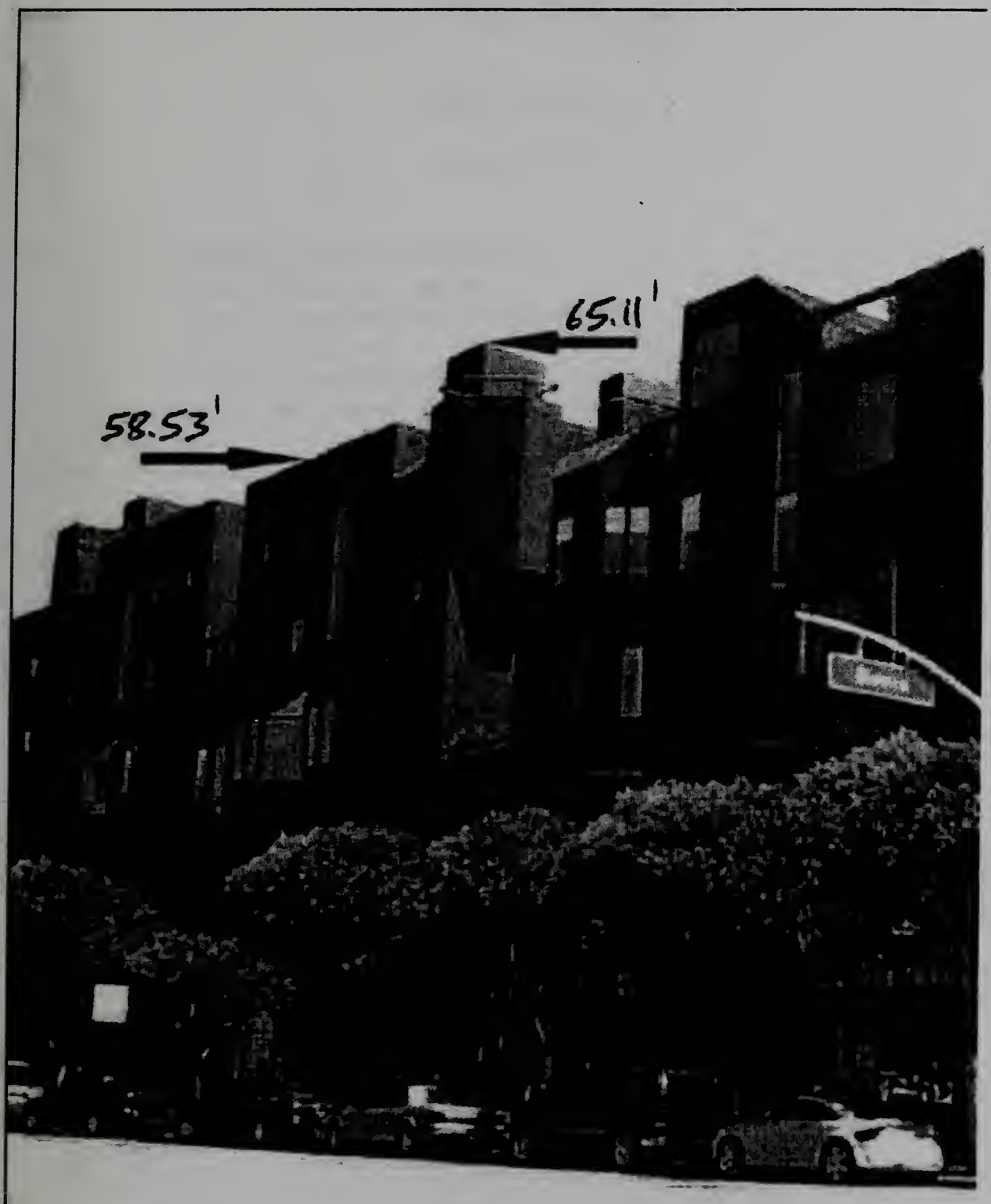
Linda Avery
Commission Secretary

AYES: Commissioners Alexander, Antonini, Hughes, W. Lee, Olague

NOES: S. Lee

ABSENT: Bradford Bell

ADOPTED: May 26, 2005



Golden Gateway Commons – Broadway Façade

PORT OF SAN FRANCISCO

MEMORANDUM

June 7, 2005

TO: MEMBERS, PORT COMMISSION
Hon. Wilfred Hsu, President
Hon. Michael Hardeman, Vice President
Hon. Sue Bierman
Hon. Kimberly Brandon
Hon. Anne Lazarus

FROM: Monique Moyer
Executive Director

SUBJECT: Informational Update - Fiscal Year 2005/06 Operating Budget

DIRECTOR'S RECOMMENDATION: For information only – no action required

The Port's Fiscal Year 2005/06 Operating Budget as approved by the Mayor and Board of Supervisors Budget Committee is summarized as follows:

	FY 2004/05	FY 2005/06	Increase/ (Decrease)	Percent
Revenue	$52,381,300	$55,601,700	$3,220,400	6.1 %
Expense	49,490,931	52,751,767	3,260,833	6.6%
Surplus/(Deficit)	$2,890,369	$2,849,933	($40,436)	-1.4%

As described in more detail below, the Port's FY 2005-06 Operating Budget is $980,193 greater than the budget approved by the Port Commission on February 8, 2005 based on the Mayor's Office changes and those approved by the Board of Supervisors Budget Committee.

This Print Covers Calendar Item No. 11A

Revenue

The revenue budget of $55.6 million for FY 2005-06 reflects a $3.2 million increase or 6.1% greater than the FY 2004/05 budget. As described below, since February 2005, the Port's budgeted revenues increased by $234,000 related to Permits and Miscellaneous Receipts:

	FY 2005-06 February 2005 Submission	FY 2005-06 June 2005 Approved Budget	Increase/ (Decrease)	Percent
Permits	300,000	514,000	214,000	71%
Miscellaneous Receipts	350,000	370,000	20,000	7.2%
Total	$650,000	$884,000	$234,000	36.8%

The Port's FY 2005-06 revenue budget increased by $239,000 since February 2005 primarily related to increasing Permits by $214,000. The Engineering Division had estimated $514,000 in revenues related to issuing building permits but we neglected to include that amount in the February 2005 budget submission. The $514,000 Permit revenue estimate is based on historical actual Permit revenues. The remaining $20,000 is related to selling a portion of the Port's Giants' season tickets and, as described in more detail below, selling two of the Port's Giants seat licenses.

Expense

Since the February 2005 submission, the Port's expense budget for FY 2005-06 increased by $980,193 or 2% as follows:

	FY 2005-06 February 2005 Budget Submission	FY 2005-06 June 2005 Approved Budget	Increase/ (Decrease)	Percent
Salaries & Benefits	$22,683,533	$23,089,650	$406,117	2%
City-wide Overhead	500,000	1,013,318	513,318	103%
Other Current Expenses	6,968,917	6,587,695	(381,222)	-5%
Materials & Supplies	1,444,791	1,440,841	(3,950)	0%
Facilities Maintenance & Annual Projects	2,257,300	2,157,300	(100,000)	-4%
Workers Comp.	740,000	909,831	169,831	23%
Services of Other Departments	2,831,108	3,253,725	422,617	15%
Revenue Transfer Out	425,340	388,087	(37,253)	-9%
Interdepartmental Recovery	(99,325)	(106,347)	(7,022)	7%
Total	$40,067,864	$41,048,057	$980,193	2%

The major increases in the FY 2005/06 expense budget since February 2005 are in Mandatory Fringe Benefits, City-wide Overhead and Workers Compensation that increased during the

Mayor's Office review of the Port's budget. The other large increase in Services of Other Departments is due to (1) a shift in the Port's budget of $273,504 for garbage services from Other Current Expenses to a work-order to DPW included in Services of Other Departments where the Port's garbage bills are paid through a consolidated contract with Norcal and (2) a shift of $100,000 from the FAMIS/Oracle project to a work-order to the Controller to pay for the Port's portion of the City's FAMIS upgrade. In addition, the Budget Committee cut a total of $282,270 and added back a total of $139,770. All of these changes are described in more detail below.

- Both health insurance and retirement contributions are estimated to be a total of $1,080,608 which is $201,941 greater than we anticipated in February 2005 based on more accurate health plan and retirement plan rates that the City didn't have at the time of the February submission.

- The Port's share of City-wide Overhead is projected to increase by $1,276,000, or 485.8% since FY 2004-05, based on the Controller's County-wide Cost Allocation Plan (COWCAP). The Port estimated its FY 2005-06 COWCAP contribution to be $500,000 for its February 2005 submission based on historical averages. However, the Controller's cost allocation plan estimated it to be $1,013,318.

- The Mayor's Office increased Workers Compensation by $169,831 from $740,000 to $909,831 to cover the City's Department of Human Resources costs to administer the Port's Workers Compensation program.

- The Board of Supervisors Budget Committee cut a total of $282,270 primarily by cutting $157,500 from Planning and Development's Professional and Specialized Services budget and $125,270 from other miscellaneous categories including travel ($7,750), Entertainment and Promotion ($32,911), work-order to the Mayor's Office ($30,468), Permanent Salaries ($13,776), Overtime ($10,026), Other Current Expenses ($13,500), and Materials and Supplies ($3,950).

- The Budget Committee re-appropriated $124,770 of these cuts as follows: $38,990 for roof repairs, $38,990 for environmental clean-up in the southern waterfront, $38,990 for a program to reduce diesel emissions related to Port tenants, and $7,800 for its youth employment program. The Budget Committee recommended that the $157,500 balance in cuts return to the Port's unappropriated fund balance from which the Port could seek a future supplemental appropriation to fund consultant contracts when it identifies specific projects and selects consultants for those projects.

- The Budget Committee cut funding for two of the Port's ten Giants' season tickets at a savings of $7,800. They also directed the Port to sell the related seat licenses at an assumed price of $7,500 per seat license for a total of $15,000 in additional revenue. The Budget Committee appropriated the $15,000 in additional revenues to the Port's youth employment program.

Additional Staffing Changes Proposed in the Port's FY 2005-06 Budget

As described below, the Port's FY 2005-06 budget includes four new positions and deletes three positions subsequent to the Port Commission's approval of the Port's budget in February 2005. Most of these changes are the result of an on-going internal review of the Port's processes to better match our resources with our needs and obligations.

Port Division	Salary and MFB Savings/Cost

Engineering Division

Add (.75) 5174 Administrative Engineer $100,468

Rationale: This position will lead the Engineering Division's contracting and construction group and will be responsible for reviewing and updating contracts, overseeing and managing construction projects, assuring proper quality control and documentation of contracted projects, assisting in preparing and monitoring Engineering's operating and capital projects, preparing reports, schedules and cost estimates for various projects, interfacing with granting agencies regarding engineering and contract requirements in grant funded projects.

Add (.75) 5602 Utility Specialist $89,998

Rationale: This position will oversee implementation of the Port's Storm Water Plan for which the Port's Engineering Division is responsible including amendments to the Port's Building Code, storm sewer utility mapping, design review for storm water post-construction controls, and increased construction oversight. In addition, this position will develop and manage the Port's environmental-related capital projects, Port remediation and soil management projects.

Add (.75) 6318 Construction Inspector $72,129

Rationale: The Port currently has one Construction Inspector to perform all of the Port's construction inspections which has proven to be inadequate given the amount of construction work the Port has and will have going forward.

Add (.75) 6331 Building Inspector $80,108

Rationale: The Engineering Division had used an Engineering Associate II to manage the Port's permit counter which has been inadequate since the Associate II doesn't have the necessary qualification or experience to properly review building permit applications. To remedy this, we are requesting a Building Inspector position to manage the Port's permit counter.

Delete (1) vacant 5364 Engineering Associate I ($77,215)

Rationale: The Port re-categorized this vacant position for the Construction Inspector position listed above.

Delete (1) vacant 5366 Engineering Associate II ($89,369)

Rationale: The Port re-categorized this vacant position for the Administrative Engineer listed above.

Real Estate Division

Delete (1) filled 4366 Collections Supervisor position ($64,208)

Rationale: Existing employee has been on a long-term leave of absence for one and a half years. The Port's property managers have primary responsibility for collection of past due accounts and have resumed these duties.

Summary

In summary, staff is comfortable with the changes to the Port's FY 2005-06 budget enacted by the Mayor and the Board of Supervisors. We don't believe they will impede our operations and in the case of the position changes, we anticipate they will enhance the Port's services.

Prepared by: Tina Olson, Deputy Director
Finance & Administration

SAN FRANCISCO
PORT COMMISSION

JUNE 14, 2005
MINUTES OF THE MEETING

DOCUMENTS DEPT.

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MEMBERS, PORT COMMISSION

HON. WILFRED HSU, PRESIDENT
HON. MICHAEL HARDEMAN, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. SUE BIERMAN
HON. ANN LAZARUS

MONIQUE MOYER, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
JUNE 14, 2005

1. **CALL TO ORDER / ROLL CALL**

Commission President Wilfred Hsu called the meeting to order at 2:10 p.m. The following Commissioners were present: Wilfred Hsu, Michael Hardeman, Sue Bierman, Kimberly Brandon and Ann Lazarus.

2. **APPROVAL OF MINUTES** - May 10, 2005 Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; the minutes of the May 10, 2005 meeting were adopted.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 2:12 p.m., the Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS. (Discussion and/or Action Items)

a. Discuss existing litigation matters pursuant to Section (a) of California Government Code Section 54956.9 and San Francisco Administrative Code Section 67.10(d) (2 cases):

- In re Pacific Gas and Electric Company, United States Bankruptcy Court, Northern District of California, San Francisco; Case No. 01 30923 DM.

- Yeun Kiw Low v. City & County of San Francisco, San Francisco Superior Court Case 04-429325.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case as Plaintiff)

4. RECONVENE IN OPEN SESSION

At 3:05 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Lazarus moved approval to adjourn executive session and reconvene in open session; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in executive session; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor.

5. EXECUTIVE

A. Executive Director's Report. Ms. Moyer reported the following:

- June 17, 2005 (10 a.m. to 12 p.m.) – Presentation of the EDAW-SPUR Student Vision Plan for Pier 70 at the Ferry Building. The EDAW/SPUR Port sponsored internship program to study Pier 70 and its potential uses will be presented to the public on June 17, 2005. She invited everyone to attend and hear what two weeks of intense study has produced as possible uses of Pier 70.

- June 20, 2005 (10 a.m. to 5 p.m.) - The Urban Waterfront and the Public Trust: A Symposium on Law and Design @ UC Hastings College of the Law. The Hastings College of Law and SPUR is sponsoring a joint symposium on the public trust on June 20, 2005. State and regulatory bodies will talk about allowable land use within the bay, particularly at the Port.

- Port Maintenance Gardeners, Carolyn Adams and Tai Trang, awarded the Environmental Service Award at the San Francisco Urban Integrated Pest Management Conference. Port staff is proud of them and the work that they do at our 7 ½ mile property.

- Thursday Night Farmer's Market at the Ferry Building. The businesses of the Ferry Building are putting on a Thursday night market for the entire summer. This is a pilot project to see if we can be more European in our approach to the markets. They offer live entertainment, fabulous produce, flowers, etc.

- Update on Cruise Ship Discharge Report Program. A year ago, at the direction of the Cruise Terminal Environmental Advisory Committee (CTEAC), the Port adopted a Cruise Ship Discharge reporting program. It obligates any cruise ship calling at the Port of San Francisco to agree that they will not discharge in the bay. If they do discharge, they are obligated to notify the Port. Federal law does not require them to notify the local jurisdiction. Last season, there were 70 cruise calls. This season to date, there have been 32 cruise calls, including 19 in the month of May alone. There were no unauthorized discharges reported by either the cruise

operators or the other regulatory entities. This information is regularly updated on our website.

- Update on the Status of USS Iowa: Today, a resolution sponsored by Supervisor Fiona Ma will be presented to the Board of Supervisors that addresses the berthing of USS Iowa as a museum at the Port of San Francisco and specifically the Board is urging the San Francisco Congressional Delegation i.e. Senators Feinstein and Boxer and Congresswoman Pelosi, etc. to work hard to locate and win the USS Iowa for the Port of San Francisco. This resolution was referred to the Committee without reference. The resolution requires a unanimous vote of the Board of Supervisors to pass today or it will have to go to committee for a regular hearing. Staff should know the outcome of the hearing later this afternoon.

- Stormwater Management First Annual Report. The stormwater management program commenced last year. First and foremost, the program provides a better definition of illegal dumping in the southern waterfront which allows staff to respond to those issues more quickly. The Port still does not have enough staff to respond in quite the way that we want but we are getting faster in addressing those problems. Secondly, the new RMC Plant, which is now called CMX at Pier 92 will have state-of-the-art environmental management systems which means that they will be recycling and using rainwater. We have now designed and are waiting for installation of a new bilge water treatment system at the Hyde Street Harbor which we hope to have installed by this fall. We are developing a protocol for reporting illegal spills or dumping along the waterfront which will result in the posting of phone numbers up and down the waterfront to report such illegal activities so we can address it faster. That is so far the beginnings of our stormwater management plan and we will continue to develop it in the next year and we'll report on our success.

- Yesterday's Board of Supervisors committee on Governmental Affairs and Audit approved a resolution to waive the bidding requirements for the Port to negotiate with the Exploratorium at Pier 15-17. That item will move to the full board for hearing and approval.

- Cancellation of Regular Port Commission Meetings: June 28, 2005; July 12, 2005; and August 9, 2005. In September, we will resume the twice a month meeting schedule.

Commissioner Lazarus indicated that in light of the length of the agenda and the potential number of speakers, she recommended that a 2-minute per speaker time limit be imposed. Commissioner Hsu concurred with Commissioner Lazarus and he limited public comments to 2 minutes.

Francisco Da Costa, Director of Environmental Justice Advocacy and served on the Department of Defense, encouraged the Commission to bring the USS Iowa to the Port to honor the people who gave laid their lives for this country. Regarding the stormwater management program, he has been monitoring this issue very carefully. He

read the draft report and commended those who took on this study to address the adverse impacts along the 7.5 mile jurisdiction of the Port. The two gardeners have a large area to cover and much to do. It is befitting to provide them some help, either temporary or permanent.

Merylin Wong, Historic Ships Memorial at Pacific Square, reported that they have a new endorsement to locate the USS Iowa to the Port of San Francisco from Assemblyman Pro Tempore Leland Yee. On June 1, 2005, their organization presented to the Port two copies of their business plan and proposal. This proposal responds to the key requirements that were set forth in the historic vessel policy approved on February 12, 2005. It is a proposal that ranks piers in order of preference, taking into account not only marketing views but also the current business conditions of the Port. It is strategic, specific, yet flexible. She provided the Commission a postcard of the ship as well as a ten-minute video for the Commission's enjoyment that will help them visually address some of the concerns about why millions of people will come to the ship, why donors are lining up to fund the project and why it will be a financial success for the Port of San Francisco. Iowa is their third and final opportunity to showcase this fine example of American shipbuilding and industrial art. This third and final opportunity is being robbed from them with legislation passed in the house a couple of weeks ago that will not only make the ship available for donation but would transfer the ship to another Port city. Last week they were in Washington to address this concern. They will again be in Washington in the next two weeks to restore the right to compete for this third and final opportunity. While this final outcome is not yet known, there is a strong possibility that San Francisco will have its last chance to vie for USS Iowa and that chance will occur in the immediate future. They remain committed to work with Port staff for the collective benefit of all.

Paul Gomez, Veterans Association of USS Iowa, indicated that the big issue is the House Bill 492 which was introduced by a representative of San Joaquin Valley. They are not concerned so much that the Iowa being requested to be taken off reserved status into donation status. Their concern is the language in that particular bill which states that at the time the ship is reclassified to donation status, it should be transferred to Stockton CA. They do not know if this bill will pass. They are writing to everyone they know who has some influence on these kinds of procedures in Washington DC. The only thing that bothers them is that it appears that this is an attempt to bypass the Navy donation program. As Merylin Wong said that all that they at HSMPS and Veterans Association of USS Iowa need and want from the Port Commission is that they are given the opportunity to compete for that ship.

Bill Stephens, Historic Ships Memorial at Pacific Square, indicated that they are at the crossroads of bringing the USS Iowa to San Francisco. Another city has announced its intention and is aggressively pursuing unprecedented legislation to acquire the ship because they realize its economic value. Port staff has received a 200-page proposal to bring the ship to the Port. It's a four pier analysis with engineering, berthing plans and financial analysis. It's an in-depth overview of how to make this project work and the success it will bring to the Port. They were asked not to engineer one pier so they did four and ranked them accordingly. It's a thorough, practical plan and it will bring the ship to San Francisco. While they were in the East Coast, they also met with a very

significant, world renowned writer who is their honorary chairman. He is sincerely convinced that with his backing and with the Fortune 500 company they are working with, they can finance this project. This is a very doable program; a wonderful program for the Port and they have the opportunity, the mechanism and the plan to make it work.

6. CONSENT

A. Request approval to issue a request for qualifications for master service agreements for inspection, maintenance and repair services for security, fire protection and fire alarm systems, pursuant to Administrative Code Section 6.65. (Resolution No. 05-33)

B. Request approval of Contract Modification through Change Order to Construction Contract No. 2698, Ferry Terminal TSA Security Enhancements Project. (Resolution No. 05-39)

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution Nos. 05-33 and 05-39 were adopted.

7. REAL ESTATE

A. Request adoption of proposed monthly Parking Stall Rates for Fiscal Year 2005-2006. (Resolution No. 05-34)

Deputy Director of Real Estate Mirian Saez presented the item and requested Commission's approval. Ms. Saez indicated that the rates represent the results of a survey conducted of comparable parking in and around Port property. The survey concluded that the Port's rate are approximately 3% below market rates. The proposed increases are rates that average approximately $65 per month. However, the minimum increases are proposed for facilities that support our fishing industry and left harmless those employees that require ADA accommodations. We have also adhered to our collective bargaining agreements. The new rates include a 25% parking tax imposed by the City. These rates only apply to those facilities we manage directly and the policies provide for volume discount for less desirable stalls.

Phil Bentivegna, Fisherman's Wharf Sportfishing Charter Boats, indicated that they are already paying $85 a month for their stalls when everybody else is paying a lot less than they are. They don't mind paying the rate. He asked the Commission to shelve this item until their attorney has an opportunity to review the proposal.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-34 was adopted.

B. Request approval of third amendment to management agreement with the Fisherman's Wharf Restaurant Association for the Triangle Parking Lot bounded by Jefferson Street, Taylor Street and the Embarcadero at Fisherman's Wharf. (Resolution No. 05-35)

Deputy Director of Real Estate Mirian Saez presented the item and requested Commission's approval. Ms. Saez indicated that this third amendment serves a dual purpose. First, it returns the triangle parking area to pre-staging area which was necessitated by the construction of Boudin's. Consistent with our mission to encourage different users to use existing parking at different times and to minimize overcrowding and reduce traffic accidents and to accommodate our fishing processors, the second purpose is to allow monthly parking for fish industry employees. Staff has vetted this proposal with members of the Fisherman's Wharf Advisory Group (FishWAG) and staff plans to vigorously enforce it once we have sufficiently communicated this change.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-35 was adopted.

C. Request approval of transfer of voting rights for the Community Benefit District (CBD) in Fisherman's Wharf. (Resolution No. 05-36)

Special Projects Manager Brad Benson presented the item and requested Commission's approval. Mr. Benson indicated that this item relates to the formation of a proposed community benefit district in the Fisherman's Wharf area. A Community Benefit District is a type of assessment district that is authorized by both State law and by local legislation authored by Supervisor Peskin and recently signed into law by the Mayor. There are a lot of these types of districts that are being formed around San Francisco. They are being formed by businesses among a group of businesses in a geographic area to fund street environmental services, safety services, marketing and promotion types of activities that benefit the geographic area. Initially, the Fisherman's Wharf Association which is the main proponent of this CBD had envisioned a CBD that encompass Port property. The actual final proposed district stretches from Beach and Van Ness to the Embarcadero and North Point. It's mainly on the South side of Jefferson Street and it doest not encompass Port property. There is one Port parcel that is included in this proposed district; it's the location of the Pier 39 garage. Otherwise, the district proponents asked not to include Port property because of concerns voiced by the City attorney's office about how past due assessments could be collected by such a district. It was determined that exercising liens against public trust property wasn't the best method to collect past due assessments. The Port's leases provide for pass through of taxes and assessments levied by the City and the Pier 39 lease also contains a similar provision. State law is not clear about who has voting rights in a circumstance where the property owner may have voting rights or a tenant may have voting rights. Since there is a pass through provision for the assessment to assign the Commission's

voting right in the district formation process to the Pier 39 garage as they may end up paying the assessment overtime. This is staff's major action recommendation. Staff will come back to the Commission with other policy considerations. The way this district has been established is that it will disappear in a year if Port tenants do not bond together to form their own different type of assessment district on Port property that does not have the same problems with the described liens. Staff expects to present that proposal to the Commission in the near future.

Francisco Da Costa indicated that this is a new concept. It is important that those who really understand the 7.5 mile radius under the Port's jurisdiction, if it's really public trust land and if you really want to enforce the Burton Act, then it is important that the constituents and the businesses have a meaningful discussion so that they get the community benefits that help everybody and also help this area bring the tourists. The businesses need to work with the community; the community needs to work with the businesses. What's important in this case is that the district supervisor is taking the lead.

ACTION: Commissioner Lazarus moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 05-36 was adopted.

D. Resolution approving proposed settlement agreement between the Port and PG&E; approving California Environmental Quality Act (CEQA) findings for the Potrero Hunter's Point 115kv cable project; and approving two non-exclusive licenses for that project. (Resolution No. 05-37)

Special Projects Manager Brad Benson presented the item and requested Commission's approval. The first would be to settle litigation with PG&E related to a claim filed in bankruptcy court and the second is to approve the CEQA findings related to PG&E's proposed Hunter's Point Potrero 115 kv cable project. The third would be to execute two licenses with a total term of 66 years for a sum of approximately $19,000 for the use of Port property along the proposed cable route. The final action would be to authorize the Executive Director to enter into a five-year interim lease for a portion of property on Davidson Street which underlies the existing Hunter's Point Power Plant. This project is one of nine transmission line improvements in San Francisco and the bay area that the State has said will allow the closure of the Hunter's Point power plant. The proposed closure date is 2006. This project is currently proposed to be constructed in mid-June and extending through December along a 2.5 mile route. In terms of the settlement, this is where the Port's major financial interest is. PG&E power plant overlies a number of paper streets that are under Port jurisdiction. It was built that way without property-related agreement with the Port. So the Port's claim is PG&E's occupancy of that land. The proposed settlement would provide for a total payment of $908,000 to the Port of San Francisco for the use of that property, thereby settling that litigation.

John Mead, PG&E Project Manager, indicated that this is one of two remaining projects that are necessary for PG&E to be able to position themselves to close the Hunter's Point power plant. This is also a reliability project to increase the transmission reliability for the San Francisco. He encouraged the Commission to approve the license.

Mr. Benson indicated that the settlement negotiations and the negotiations for the related property agreements are nearly complete but not finalized. Port staff recommends that in the Commission's consideration of the resolution, the resolution be amended with the following Resolved clause: Resolved, that the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to the Settlement Agreement, License I, License II and Davidson Street Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the Port, do not materially increase the obligations or liabilities of the City or Port and are necessary or advisable to complete the transactions which the Settlement Agreement, Licenses and Lease contemplate and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Settlement Agreement, Licenses and Lease, and any such amendments thereto.

Francisco Da Costa, Director of Environmental Justice Advocacy, indicated that it is his duty to monitor the infrastructure. He has attended all of the meetings related to the transmission line. The PG&E representative gave a very short description as well as Mr. Benson but these are very complex issues. They hope that the Jefferson Martin transmission line will be in place by 2007. They hope that this Potrero transmission line will be in place by 2008. He attends stakeholders meeting at 77 Beale Street with key players, CAISO and others who are involved with the transmission line. While he commends the Port for the transmission lines, we have to pay attention to the electromagnetic fields that this transmission lines emit. The Port has to bear in mind that they can participate in a 20% of energy from Hetch Hetchy so that they don't have to pay a lot of money to PG&E. PG&E can give you some deals because of the sites but when it comes to energy power, the Port Commission and the Director and those who represent public trust land should see that they get the cheapest energy due to them.

Micah McLorin, Asthma Program Coordinator for the Health and Environmental Resource Center in Bayview Hunter's Point and one of the representatives of the Bayview Hunter's Point community, showed a picture of Armani Johnson. He was in school on March 26 and went to the bathroom. The teacher having to deal with a classroom full of students did not pay much attention to one student going to the bathroom. Armani Johnson is a beautiful young man. He did not return to class alive. He died that day because of an asthma attack in the bathroom. They think that possible toxins that are in the outdoor environment may have contributed to his death. He cannot present any scientific information confirming that fact. They do know that asthma is a terrible disease that is plaguing the Bayview Hunter's Point

community. One in six children are asthmatic in the Bayview Hunter's Point (BVHP) area; one in ten children are asthmatic in the City of San Francisco. There is a concentration in that area. They want to make sure that they facilitate or help to expedite the closure of the PG&E plant. Having the new transmission lines will expedite that process; the residents of the BVHP would like to see that happen as soon and as expeditiously as possible.

James Bryant, A. Phillip Randolph Institute, asked for the Commission's support of this measure. This measure is viable to the BVHP community as well as to the City. They have been working together with a coalition that includes PG&E and to close the power plant by 2006. They are on schedule if the Commission pass the permit obligations today to make sure that next year at this time, they will be back to the Port celebrating that closure. He asked that the Commission understand the importance of shutting down the power plant and the importance of bringing in the new lines that also enhance the community with additional power assets.

Lionel McGilberry, Lionel's Community Outreach Service, indicated that the 40,000 that make up District 10 and the communities within the five-mile radius are impacted by the power plant. The City made a commitment to shut down Hunter's Point power plant. They are asking that the City oppose this commitment. If the transmission project is not approved, then the City has broken a promise to the residents of Bayview. They deserve what the rest of the city enjoys, a community without a pollution. He urged the Commission to support this project.

Beverly Atkins, Bayview resident, indicated that San Francisco needs reliable energy and this is one of the many steps towards ensuring clean, reliable energy. This project will help protect our most precious assets, the residents of San Francisco, and close the power plant permanently.

Leesha Lanalois, represents the children and families of Bayview, indicates that this project provides one of the last links in the chain to shut down the Hunter's Point power plant. The children are counting on the Commission's leadership to ensure that Hunter's Point power plant does not continue to operate and is shut down for good. She asked the Commission to support this important project.

Delores Tutson, Southeast Democratic Club, indicated that since 1988 they have been working diligently to bring about the closure of the Hunter's Point power plant. She has been to many meetings and has testified on this issue many times. They are finally at the point where there is light at the end of the tunnel. However, without the completion of the transmission line project, they cannot realize their dream and their community suffers. Let this day be a new day to approve the work that needs to be done.

Ramona Collie, Potrero Hill, indicated that PG&E is close to shutting down the Hunter's Point power plant. The ISO requests PG&E to complete nine projects in order to approve the closure of the plant. PG&E has accomplished 7 out of 9. If the

Commission approve the work that needs to be done for the Potrero project, there will only be one project left. She asked the Commission to do what is right and approve the project.

Deborah Tutson, APRI, asked that the Commission to protect the BVHP community and support the work which PG&E needs to complete in order to move closer to shutting down the power plant. The plant is over 75 years old. She asked the Commission to put the people first and protect the health of the community and move this project forward.

Dedria Smith, Hunter's Point, indicated that PG&E has removed 8 of the 9 above ground storage tanks at the site, upgraded fences and has improved sidewalks and landscaping which they appreciate but what they really want is the final closure of the plant. Everyday that the closure is delayed is another day of air compromise air quality. This is what their community feels like, a fish without water. They are asking for closure.

Virgil Herndon, APRI, indicated that he has been part of the team working along with City agencies to shut down the power plant. PG&E and other City agencies have been working towards this as a common goal of shutting down the power plant. He asked the Commission to join them in getting rid of this community eyesore. He asked the Commission to support their efforts today and vote on this project.

Ernestine Weiss, Golden Gateway Commons, indicated that she was very moved by the speakers' speeches. The children of Hunter's Point deserve better. They are the most vulnerable in this City. We need to help them wipe out asthma. She does not live in Hunter's Point but she follows PG&E and is one of the most powerful proponents of getting PG&E out of business in this City. She asked the Commission to pass this resolution.

Espanola Jackson, a resident of BVHP since 1948, indicated that they started talking about closing that plant in 1991. Because the people who live there knows the effect. She is hoping that after the next item, she will not have to come to the Commission again to talk about the health of the community and the Port's responsibility for BVHP residents.

Commissioner Bierman indicated that it's been years that the citizens have been coming to the Board of Supervisors. Now the Commission get to vote to help the BVHP community. It's been years that she's heard of this problem. People on the commissions and the board moaned and groaned and said that PG&E should shape up. It's time and she's ready to vote for this. The community has worked so hard.

ACTION: Commissioner Brandon moved approval of resolution as amended; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-37 was adopted.

E. Informational Presentation on proposed Monthly Rental Rate Schedule for Fiscal Year 2005/2006. **THIS ITEM WAS TAKEN OFF THE CALENDAR.**

8. MARITIME

A. Request approval of revisions to the five-year Non-Exclusive Management Agreement with Marine Terminals Corp. for management of the cargo terminal at Pier 80. (Resolution No. 05-38)

Deputy Director of Maritime Peter Dailey presented the item and requested Commission's approval. Mr. Dailey indicated that in February 2005, the Port Commission approved a five year non-exclusive management agreement with MTC. The proposed Management Agreement contained the Port's standard provisions relating to indemnification and exculpation, concerning claims and damages. After the Commission's approval of the proposed agreement and prior to execution of the agreement, MTC requested a material revision to the Indemnity and Exculpation clause on the advice of its attorney. After reviewing the clause, Port staff, in consultation with the City Attorney's office, has negotiated mutually acceptable changes to the original wording contained in paragraph 14 of the agreement, entitled Indemnity and Exculpation. This language is the same language that the Port Commission approved for the Metropolitan Stevedore Management Agreement for the Pier 35 cruise terminal.

In addition, Port staff and MTC have agreed to revise the wording of paragraph 10.3 (entitled Termination of Use of Shed D), to clarify the parties' intent that the condition of minimum cargo volume begins in Contract Year Two, and continues thereafter.

Lastly, he advised the Commission of pending negotiations with the San Francisco Department of Public Health and the CA Department. of Health Services concerning an MOU for Emergency Use of Facilities at Pier 80 in the event of a bio-hazard terrorist act. DPH and the State of Health Services would like to utilize a part of Shed D as a distribution point of vaccines and medicines. MTC is aware of these negotiations. Once the MOU is finalized staff will seek Commission's approval to amend the management agreement with MTC to reflect the terms of the MOU.

Commissioner Brandon asked about the redlined copy of the revised language. Mr. Dailey indicated that the Commission is voting on the change in the indemnification and exculpation language that uses the responsibility of liability to MTC.

Commissioner Brandon asked about the proposed revised language. Mr. Dailey replied that the MTC had to hold the Port harmless against its own negligence. It lessens their risk in terms of responsibility and negligence or irresponsible behavior on the terminal.

After Ms. Simpson provided the Commission a copy of the redlined version of the agreement, the Commission approved the resolution.

For the record, Ms. Moyer indicated that if any of the public need a copy of the marked-up changes, they are on our website and will also be provided through the Commission Secretary.

ACTION: Commissioner Hardeman moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-38 was adopted.

B. Informational Presentation regarding Hanson Aggregates purchase of Mission Valley Bode's share of Mission Valley/Bode Lease.

Deputy Director of Maritime Peter Dailey presented the item. He indicated that in June 2001, Bode Gravel Company and Mission Valley Rock Company formed a joint venture to enter into a lease with the Port at Pier 92 for a ready-mix concrete plant and importation of aggregate through the existing dry bulk marine terminal that was under lease to Mission Valley Rock Company. At the Port Commission meeting of June 12, 2001, the Commission approved Lease No. L-12507. Under the terms of the joint venture agreement, Bode Gravel Company's share was 69% while Mission Valley Rock Company's portion was 31%. Recently, Hanson Aggregates Mid-Pacific acquired 100% of the outstanding capital stock of Mission Valley Rock Company joint venture portion of Bode/Mission Valley. Under the new ownership agreement, Hanson has a 31% share while Bode Gravel is maintaining its 69% share. Hanson's acquisition of 31% of the lease does not constitute a transfer of the lease; therefore Commission approval is not required. The sale to Hanson of the lease is not expected to have any adverse impacts on the City's interests with respect to the lease. After the acquisition, Mission Valley Rock which is wholly owned by Hanson Aggregates will continue to occupy the premises described in the lease and will conduct the same business operations that are currently conducted at the premises and will continue to perform its obligations under the lease.

Hanson Aggregates is a tenant in good standing. After the Giants, they are the second leading customer in terms of revenue and the Port's leading cargo account with leases at Pier 92 and 94.

Francisco Da Costa indicated that the Commission should take a tour of the Port property, especially Piers 80, 92, 94 and 96. There were 20,000 tons of toxic soil at the site. He was instrumental in getting it cleaned. The Port had to pay $1 million because the Port wouldn't listen to him. In the end the Department. of Toxics and Substance Control mandated the Port to clean it which the Port did. Now RMC is going to maintain some standards in that area. The Port Commission needs to check the whole area where the sand and the aggregates are being placed. He knows Hanson and Mr. Bode and some of the owners of RMC. They are all gentlemen; however, the Port Commissioners, the Port Director and whoever is in charge of the environmental issues should ensure less dust in that area. He knows that the companies can take direction and the mitigation to attain this standard. He is bringing this to the Commission's attention because it is public trust land. Public trust land and the Port

knows that they have to be used for maritime uses. He requested the Commission to ask Hanson to mitigate the dust.

C. Informational Presentation regarding the proposed Hyde Street Harbor/Fisherman's Wharf Harbor Berth rate increases for Fiscal Year 2005-06.

Deputy Director of Maritime Peter Dailey indicated that this is an informational item; no vote is required. Staff intends to bring this item to the Commission at its July 26, 2005 meeting as an action item. Additionally, staff will be presenting this item to the FishWAG on June 21, 2005 at Scoma's Restaurant. Mr. Dailey indicated that fees for berthing a boat at Fisherman's Wharf were last increased in July 1985. Since then the Port has invested well over $20 million for facility improvements at Fisherman's Wharf, including the rebuilding of Pier 45 into a modern fish receiving/processing facility and the construction of the Hyde Street Commercial Fishing Harbor. The Port has just completed a $450,000 harbor dredging at the wharf.

When compared to 11 other West Coast fishing harbors, including Fisherman's Terminal in Seattle, Fisherman's Wharf berth rates are the lowest. For example, Santa Cruz Harbor charges both commercial fishing and recreational vessels the same rate of $8.75 ft/mo while Crescent City charges commercial boats $3.08 ft/mo. The average berthing rate for fishing vessels at the 11 harbors surveyed is $5.17 ft/mo. The average rate at Fisherman's Wharf harbor is approximately $1.10 ft/mo. Unlike most West Coast fishing harbor, the Port also supplies electrical service to the harbor at no charge. In FY 03/04, total revenues from Fisherman's Wharf and Hyde Street Harbor were approximately $230,000 while total expenses were approximately $600,000. The difference between revenues and expenses was $364,382. Direct revenues from Fisherman's Wharf and Hyde Street Harbor accounted for 39% of the facility operating revenues in FY 03/04.

Port staff, after comparing its rates with the 11 other fishing harbor, have developed a 3-year rate schedule that if adopted would result in the Port fishing rates being in line with the average rate charged by West Coast fishing harbors. A typical 40' fishing boat berthed at Fisherman's Wharf currently pays $528 per year, approximately $1.50 a day. Under this proposal, rates would increase to $1,518 per year in FY 05/06; $2,244 per year in FY 07/08 and $2,640 per year or $7.25 per day in 08/09. After the third year of rate increases, Fisherman's Wharf increases would still be in the middle range of West Coast fishing harbors. Thereafter, fees would increase at the same time and rate as authorized by the California Association of Port Authorities. This item will be at FishWAG this coming week. They will be glad to meet with a anyone from the fishing industry who would like to discuss the methodology of the rate increases.

John Davey, Assistant Deputy Director of Maritime, indicated that there are several different rates, as shown on the attachment to the staff report. The pink areas, berths 1-13 located along Jefferson Street, are occupied by the sportfishing fleet that

conducts the baywide tours. The yellow areas are the harbors in the piers of the old lagoon, Piers 49 and 47. The blue areas are the common transient areas with the longer line along the western edge of Pier 45 and the other short lines are in the areas along Scoma's. Those are where the transient fleet lay up and berth and deliver fish. Also in front of Scoma's are bait receivers that sell bait to the sport fishing fleet. The Hyde Street Harbor is the floating berth. The 03/04 revenues are from the Fisherman's Wharf Harbor, Hyde Street Harbor and other expenses of the transient rates. The expenses have to do with maintenance, the various shops that conduct maintenance and repair at the harbor last year. The indirect costs are associated with the Maritime staff, Accounting, Legal and Engineering and Executive departments. There is a gap where the revenues that are generated at the harbor represent about 39% of the overall expenses.

The question is asked why we have not raised the rates in 20 years; 14 years ago when he came to the Port as a harbor master at Fisherman's Wharf harbor, it was his understanding that we stood by the fishing fleet. We understood and recognized the heritage of the fishing fleet and what made Fisherman's wharf harbor and it was the importance of keeping the fishing fleet at Fisherman's Wharf harbor were the reasons in which we pursued capital projects and improvements which Peter Dailey outlined at Pier 45 and the Hyde Street Harbor and kept the rates unchanged for that period of time. During that time period, about 10 years ago, he saw the Port of Oakland and areas in Sausalito abandoned their fishing docks. There was a dock in middle harbor that was closed down by the Port of Oakland. They left the fishermen in that area to rely upon the recreational harbor set the recreational rates. Similarly about 8 years ago in Sausalito CK Docks closed down and it was redeveloped into a recreational berth. Largely, the fishermen migrated in some other harbors in the bay. A lot of them came to Fisherman's Wharf. In 2001, when the Port was preparing to open up a new Hyde Street Harbor, the fishermen terminal in Seattle made a very monumental choice i.e. they chose to open up their harbor to recreational boats in order to generate additional revenues at a higher rate at a recreational boat rate in order to sustain the expenses. The Seattle Harbor Master came down and he was very interested in finding out what we were doing different in Hyde Street Harbor to open a harbor for fishing boat when he had just open up his harbor to additional recreational boat. We stood by these rates through the years and not changed them. We have come to a point where we have to close the gap between the revenues that are generated by the fishing fleet and the Port's expenses. This needs to be done Portwide. We have to demonstrate a certain amount, a level of justice and equity to all of Port tenants and demonstrate that we are making a good and fair establishment appraisal for our Port properties so that all the tenants contribute in a comparative way to the expenses and the development of the Port. He showed the Commission a comparison sheet that shows the current rate at the old harbor at a $1 a foot. The list of 11 ports was developed over many years of experience of talking with the fishermen at fishermen fleet, with harbor master of various areas as a list of harbors that we feel are reasonable comparables to Fisherman's Wharf harbor. It's not a comprehensive list of all the marinas in the area, not particularly largely in the bay area because inside the bay, Fisherman's Wharf harbor is the only harbor that has

the priority and a preferential rate for commercial fishing vessels. The Hyde Street Harbor at $4.00 rate was established since its opening; it's at the median of those harbors. He showed the Commission a chart of what staff has proposed, after a very sincere and honest spirited discussion among Port staff. The new rates at berths 1-13 would be raised to $5.50/ft/month. An average 40' boat would be paying $220.00 a month. We proposed raising the rates in the older Fisherman's Wharf harbor berths 15-103 to $3.85; an average 40' boat would be paying $154 a month. We proposed raising the transient rate – we have charged a fix dollar amount per boat, per day - $5 a day per boat; no matter what type of boat. We found that throughout the coast the applicable way of calculating the rates is on a foot per day basis. The median is 50 cents per day. In the old harbor we proposed rates to 40 cents per foot per day. He also showed the rate increases for FY 06/07.

He showed the comparison of those 11 harbors with the new rates proposed in the first year of October 1, 2005. He pointed out that the recreational rates that the harbors charge in order to sustain increased revenues and support the lower rate for the commercial fishermen. They have no preferential fishermen berth rates. The fishermen pay the same rate as the recreational boat. In these harbors, the population of recreational boats is anywhere from 50% to 80%. They are realizing revenues at the recreational boat rates that allow them to keep lower preferential fishing berth rates. Our recreational rates are probably at the top of the highest because we have been supporting the fishing fleet at the Fisherman's Wharf harbor. Only five boats in the Fisherman's Wharf harbor pay a recreational rate. We've allowed the individuals to keep their boats in the harbor. We currently don't have a waiting list for additional fishing boats but we do charge additional rate. As long as we continue in our mission to support the priority of the fishing fleet in the Fisherman's Wharf harbor which we fully intend to do, we are not going to see a lot of the higher recreational rate at all. He thanked Hedley Prince, Louise Anderson, Tina Olson, Peter Dailey and Monique Moyer in engaging in the discussions and review of the rates and analysis to bring about what they believe is a fair and just increase.

Bob Miller, Crab Boat Owners Association President, indicated that he received the proposal last Friday afternoon. What John Davey hasn't told the Commission is that the increase in the first year is 350%; next year 425% and the year after that 500% of what they are paying now. The rationale that's been used to support the increase is this Port is comparable with other ports. He spent nearly 40 years in the real estate and appraising business and knows something about appraising based on comparables. The fundamental basis of comparable appraising is you compare apples with apples. What is done here is compare apples with apple cores. In San Francisco, there are a couple of pilings, maybe four and a ladder. They hoist their gear down and up and down, on and off the boat with ropes. In the comparables that were used, they have nice floating docks, plenty of parking and all the necessary facilities. This Port does not have that. You can't compare with what we have with what they have unless you give us what they have. Do you want to rebuild Fisherman's Wharf, put floating docks and eliminate 30% of the boats that are currently there because floating docks offer more room. In the other harbors, they have more facilities than here. They are open longer.

Increasing the rates would be the demise of the fishing fleet in San Francisco. This will be the end of Fisherman's Wharf.

Helmut Schneyder, F/V Manila, agrees with Mr. Miller's comments full heartedly. It's an unbelievable increase and Port staff is comparing apples and oranges. They still have the ladders and such.

Russell L. Deman Sr, Virginia, asked what the City actually puts out for cable cars. Cable cars are an attraction to the City so as Fisherman's Wharf and they haven't received any increase in their salaries over the last year or the last 20 years. It's not really apples to apples. Santa Cruz does not have a Fisherman's Wharf neither does Oakland or Sausalito.

Kevin Snow, F/V Soup Fin 2, indicated that he was one of the boats that came over from Sausalito. The proposal is outrageous; way too much of an increase. There is no comparison between the harbors that were mentioned and the harbor they have. He suggested the Commission to try and step down on his boat because it won't be safe. Climbing up and down the ladders – there is no comparison.

Russell L. Deman II, Bandit, indicated that he is pretty new to commercial fishing. The harbors are different up and down the coast. Their tourism does not compare to Fisherman's Wharf. Changing it to a t-shirt wharf or a yachtsman wharf probably won't have the same impact.

Dave Kemp, FV Blinp Faith, indicated that in 1995 the harbor department in Newport, Oregon jumped the slip rent to 125%. When the lawsuit was over, the harbor department was not happy. The rent was a little higher but they weren't happy. The fishermen have good and bad years. Last year, he would not have cared. This year, he's looking at 5% less than last year's production. He has to walk three blocks to get to his car. He goes up and down the ladder. He has two pilings. The surge will take your boat apart. The harbor is still sitting there with the surge going through. If you put a yachtsman there, the boat repair people will make a lot of money.

Forest Broyles, F/V Christel D Historical Vessel, indicated that he owns a historic vessel. It's a fishing vessel that was built at the wharf in 1928. It's maintained annually. He does not have a parking space as part of his rent. The existing facilities do not measure up to the other ports up and down the coast. He lived in Morro Bay most of his life and they did the same thing there. A 300% increase cannot be justified based on measuring our port against other ports. He has historical berthing and the boat is a rich part of San Francisco's history. It's important that those boats are there. That's what the wharf is all about. Increasing the rate by that amount needs to be looked at. He asked the Commission to further research the berth rate increase and looked at alternative measures to increase revenues. He just found out about this today. His truck was towed but he felt important to be here and voice his opinion. He wouldn't be able to stay and keep his boat there with the rate increase. The rate increase equals the amount of money that he puts into the vessel each year just to keep it afloat. His boat is one of the oldest boats in the Port. Our port does not measure up to the other ports and it's not justifiable to raise the rate at that amount that fast.

John Clark, F.V.M3M, indicated that as a local resident raised in Oakland, he has been displaced from the commercial fishing port in Oakland and in Sausalito. This port now has a monopoly. He has a 75-year old boat built in Oakland. He is a member of the locally built historic active work boat society. These increases are outlandish, outrageous, and entirely unreasonable. He can't afford it and half the guys can't either. He'd like to stay. He has no kneecap in his right knee and is essentially handicap and he doesn't even have a ladder.

Mark Schwarz, F/V Monica Micky D, indicated that he has been berthing at the wharf for over 15. This increase is appalling to a lot of people. They've voiced their opinion coming from other parts of the world to see how they tie up. He is available 24 hours a day if anyone wants to come down and take a tour. He can show people that a lot of the things there do not add up. It's a joke. The maintenance has been terrible; the place is falling apart. He is available to give a private tour and show the realness in back of Scoma's and other places.

Phil Bentivegna, FW Sportfishing Charter Boats, represents the sportfishing boats in FW berths 1-7, was opposed to Mr. Dailey's comments about free electricity. He receives a bill of $70 a month. He does not get free electricity; no one does. They all pay for it. They also pay $2.00 per foot, not $1.10. They also pay 7% of the tour gross. They don't have free electricity; they don't have parking for their clients. They have to pay $10 a car across the street at the Anchorage parking lot with their validation. If the Anchorage ever decided not to give them $10 parking, they will probably lose their business completely. The other harbors have free parking for the customers and boat owners. They have nothing like that at the wharf. He understands that their rate is low but it's for a reason. They don't have floating docks or electricity. If you give them what they have, they will be happy to pay a little more money. Right now, it will be tough especially of the short season. They used to have a nine-month season; they are down six. The commercial fisherman's season is lower than that.

Dan Hunt, F/V Trolli, owner of small commercial fishing vessel at FW, he does not know if the Commission has gone down the wharf in the last couple of weeks when the harbor was empty. He has a feeling that's what it would look like if the Port increases their rents. None of them will be able to afford it in the commercial fishing industry. They don't have any facilities. They put up with a lot of dangerous situations just to work out there everyday.

Larry Collins, Crab Boat Owners Vice President and salmon and crab fisherman, indicated that it's the oldest fisherman's association in the west coast. It's not a beautiful day in the neighborhood. The salmon boats at the wharf are tied up from June 1 to July 4 because of federally mandated restrictions. This past crab season when the largest number of crabs ever passed over port docks, local boats received the lowest per pound price that they have ever fished for. They can thank the Governor's veto of the crabpot limit bill for that. The price of fuel, steel for their traps, bait and insurance on the boats and everything they need to catch a crab is on an all-time high but they are fishing without market orders for the lowest price they have ever fished for. The local fleet has had an excellent working relationship with the Port. This proposed berthing fee increase represents a major policy shift. Most fishermen that

berth their boats here do not live in the City because it's too expensive. They berth here because there is real Port support. If this support goes away, the local fleet will follow. That would be devastating to the wharf economy. If forced to pay market rates, they will go to ports that are closer to the fishing grounds and have better services. They will go where they can sell directly to the public where there are finger piers, and work docks and public hoist. They will go where half the buyers don't buy their fish at the airport instead of the boats, where they don't have to cross one of the most dangerous parts on the coast to go to work. It would be a shame because they've been here a long time. Tourists come to the wharf to see the boats and the fishermen and the sea lions. When the sea lions start paying market rates, give him a call.

Frank Damato, Fisherman Leonilda, a retiree and a third generation fisherman at the FW, he has 65 years of experience in commercial fishing. He has done well by fishing and helping support the Port. He has a boat built in 1929 which he cherishes. The rate increase will take him out of the picture all together.

David Kemp, F/V, began commercial fishing two years ago. He's had very little experience. He thought this is a sweetheart deal for the commercial guys. He was happy to be included. He began speaking and got an understanding of the dangers of the fishing lane. He fell off the ladder into his boat. He has chased vagrants and drunks off his boat and off the pier. This is not Santa Cruz or Half Moon Bay or any of the harbors where the facilities have been compared to. None of those harbors have the added value to adjacent properties that the area around FW does and has a tremendous income from the tourist industry. That has to be considered here. Mr. Davey spoke as if it was isolated from the rest of the area. The boats and the fishermen are part of the attraction at the wharf. It would be a shame to chase them out with the proposed rent increases.

Michael Philipps, captain of F/V Nicki J II, indicated that he has been fishing at the wharf for 30 years. His grandfather, father and uncle were a fishing family out of the Fisherman's Wharf, the old lagoon. The pier they tie to is condemned. Three times he had to walk down the dock and pull the sticker off to get to the boat. There is a gate without a lock. He has been up and down the coast. They have floating piers; they have security that actually looks at the boat, see when they are sinking at night; when the vagrants are on the boat and they have to kick them off. People are throwing cigarette butts on the boat because there is no locked gate to keep the people away from the boats. They deal with a lot of different things. There's no comparison, price wise or condition wise. Those ports have beautiful showers; they don't have any at the wharf. The one from Hyde Street is too far. He can't count the times he's tried to bring his grocery from where he parks his vehicle to the boat to go fishing. By the second load, his first load is gone. A vagrant has taken them because there's no security, no locked gates. He can't get on the boat and unlock the boat in the middle of the night and walk away for 20 minutes. It's a big city; it's unsafe. He knows people that have been hurt in the early morning because of lack of security. It does not validate a rent increase of 300% for the conditions they endure.

Jason Salvato, F/V Willanina & Marauder, indicated that he lives in Sonoma County; it costs him $15 a day to get to the city. He is looking at a 40-minute drive to Bodega bay and he will be paying the same price; what would you do if you were him? Many guys in his predicament would do the same thing. He knows two other guys who live in Sonoma and will be doing the same thing.

Don Franklin, representing part of the sport boats, remarked about Mr. Davey's comments about the rates being justifiable and equitable when he pays $9 and others were paying $5. Someone pointed out that $20 million were spent for improvements when they don't even have garbage cans in front of their boats. He commented about the indirect cost for security. How much rent does the guy in front of his boat pay to scare people? It's his dream to own his own boat. Some of the guys he works with, he has fished with them since they were kids. He gets people from restaurants; they see him bring fish over and that attracts people to the area. Everybody is looking at them at what they do and they are generating more income than they are getting credit for. This proposal is simply not right; they will be endangered species.

Jacky Douglas, Wacky Jacky, indicated that the boys have all said it. Look at the commercial guys who have been here for years. Forest was talking about the restoration of his boat. Phil Bentivegna's son runs his boat. Mike Rescino is Frankie's son; they're great fishermen. She started in Monterey in 1959 and came down to the wharf and loved it. She loves the men behind the wharf who are doing the fishing to show San Francisco wharf. They have to show the fish at the wharf. If you lose the boys, it would be the end. They don't have the facilities. They also have to deal with the odors emanating from under the restaurants. The Port said that they will get pumps to correct the situation but nothing has been done. She would like to see the boys stay at the wharf forever.

Frank Rescino, Lovely Martha, third generation Italian fisherman, indicated that his family had a berth at Fisherman's Wharf since 1908. His grandfather had a berth then his father. He has a son who wants to join the business and grandchildren who loves to go on his boat. Fishing is not an easy business no matter how much they make. He has a fairly decent business but at the end of the year, he does not have any money left over. He does not have a pension plan, health insurance, etc. He is one of the most fortunate people because he has sport fishing business that does well. Some people are not as lucky or fortunate. Fisherman's Wharf is not Fisherman's Wharf without the fishermen. When the dredgers ended up at the wharf for five weeks instead of five days, there were no boats in the harbor; the restaurants were screaming. Nobody was walking around. The restaurants were empty. This proposal should be looked at further; it's a large increase especially for some people who are truly on the borderline.

Frank Martin Del Campo, SEIU 790, was compelled by the testimony he's heard. He asked if this is an action item. Commissioner Hsu replied that it's informational only. He asked if the department has a response to the concerns that were raised regarding the rate increase.

Mr. Dailey replied that this is an informational item. This is the beginning of the discussion; it will continue on next Tuesday at the FishWAG meeting and staff will have other meetings with the fishermen and their representatives. There will be plenty of time to discuss the proposed rate increases, issues pertaining to the management and the physical condition of the harbor. He understands that the fishermen will be out fishing on June 26. In addition to the FishWAG meeting, staff will hold a meeting with representatives of the fishing community so they can discuss and work through the issues that they raised.

Commissioner Bierman asked if the meeting should be at the Commission meeting on a day that they could come. Ms. Moyer replied that today's meeting was held at Mr. Miller's request because it was her understanding that today is a convenient day for everybody. This item is scheduled to come back to the Commission in July as Peter mentioned this is the beginning of the conversation. There is no urgency to this item.

Mr. Dailey reiterated that this is, in fact, the beginning of the conversations. John Davey mentioned earlier that there was a lot of thought, analysis and earnest discussion put into this rate increase. As opposed to prior years, he is proud of the fact that this is a working issue and we're going to get through it. Instead of ramming it down to people's throat, we're having a public hearing today and another one on Tuesday and other conversations. When this item is brought back to the Commission, there will be another opportunity to discuss this. He is confident that there will be a thorough airing of all the issues.

Commissioner Hsu indicated that in light of all the comments heard, it sounds like the facilities the fishermen are using are in deplorable condition. He asked Mr. Dailey and Mr. Davey to take a closer look at the issue and do a fair comparison as to the comparables so that we are comparing apples to apples and not apples to apple cores and the Commission can consider the rate increases. These rate increases being so great is exacerbated by the fact that the rates were not increased for the last 20 years. He finds it hard to believe that anybody in this room did not get a wage increase in the last 20 years or did not have any increase in the utilities or the rent they pay or the income they receive. This 20-year hiatus and rate increase caused this major issue and the Port has to catch up with market rates. He asked Mr. Dailey and Mr. Davey to take a closer look at this increase look so that we could keep the fishermen at Fisherman's Wharf. Mr. Rescino mentioned that Fisherman's Wharf is not going to be same without the fishermen.

Commissioner Lazarus asked staff, as one frame of reference, to look at what rates would have been if they had used some cost of living adjustment on an annual basis since the last raise.

D. Request approval of rate increase for Port Tariff #4. (Resolution No. 05-41)

Deputy Director of Maritime Peter Dailey presented the item and requested Commission's approval. Mr. Dailey indicated that the Port regulates and prices many of our services through Port Tariff #4, which is regulated by and on file with the Federal Maritime Commission. Rates detailed in the tariff include wharfage, dockage,

demurrage and storage and crane rental. The Port tariff is available for review on the Port website. The California Association of Port Authorities (CAPA) is comprised of the state's eleven publicly owned, commercial ports including the Ports of Humboldt Bay, Hueneme, Long Beach, Los Angeles, Oakland, Redwood City, Richmond, Sacramento, San Diego, San Francisco and Stockton. California's public ports are granted immunity for Federal anti-trust/rate setting regulations through its participation in CAPA. CAPA has voted to authorize its member ports to increase tariff charges by up to 5% beginning July 1, 2005. The rate increases are being sought to recover costs incurred by the ports including, but not limited to, security, infrastructure and maintenance. A recent report published by the Public Policy Institute of California revealed California receives only $5 in security funding per person, while other states such as Wyoming, received more than $38 per capita in 2004. The last general rates increase approved by CAPA was in October 2003. Port staff recommends increasing the wharfage, dockage, demurrage and storage charges and crane rental rates in our tariff by 5% with the exception of fishing wharfage and dockage, and passenger fees, in conjunction with the increase agreed upon by CAPA effective July 1, 2005. The Port is addressing passenger fees and fishing wharfage and dockage rates separately. The discussion on the Fisherman Wharf rates began today. Staff is in negotiations with the cruise lines regarding separate terminal uses agreements and commitment from the lines that will institute an increase in the next six months. Staff estimates that this rate increase will result in approximately $100,000 per year of additional revenue to the Port.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-41 was adopted.

9. ENVIRONMENTAL

A. Informational Presentation regarding environmental conditions at Heron's Head Park (HHP).

Assistant Deputy Director of Environmental Health and Safety Carol Bach presented the item. Ms. Bach indicated that this informational item would give this issue the attention it warrants and the public the opportunity to comment on the issues that have been raised. HHP was formerly known as Pier 98 located at the southernmost terminus of the Port's property. It was created beginning in 1970 by placing a debris dike and backfilling behind that dike with fill material. The Port's original intention was to construct a cargo shipping terminal. In 1997, the Port stopped construction deciding that it didn't need another cargo shipping terminal for a variety of reasons. Over the intervening years that the site sat undeveloped, salt marsh developed along the southern shoreline. In 1998, with authorizations from BCDC, the Regional Waterfront Quality Control Board (RWQCB), Department of Public Health (DPH), Army Corps of Engineers, and other agencies, the Port excavated tons of debris to create new salt marsh area, graded the site to improve circulation and constructed public access amenities at the site. The park was reopened to the public as HHP in 1999.

During the 15 years beginning in 1989, the Port conducted a series of environmental investigations at HHP. In 1989 the Port conducted an air quality assessment test and a soil investigation called a solid waste assessment test to evaluate the nature of the fill material present at Pier 98. The air quality assessment test involved a collection of soil gas samples from just beneath the surface. Gas was extracted from the soil and analyzed for potential air contaminants. For the solid waste assessment test, the fill material was sampled from the surface to the bottom of the fill layer, sampled at intervals along the way and analyzed for a variety of constituents that could potentially pose a risk of impacts to human health or water quality. Neither of those investigations found either air emissions or hazardous constituents in soil that pose a risk to public health or to the environment. From 1990-1996, the Port did quarterly ground water monitoring to evaluate the potential impact of the fill on water quality and generally found very low concentrations of contaminants as a result of that monitoring and consequently was authorized by the RWQCB to cease monitoring in 1996.

In preparation for construction of the park, the Port did one more assessment of water quality to analyze the toxicity of ground water in the fill material itself to aquatic organisms. Those tests found no significant toxicity to aquatic organisms except in one location and that toxicity was attributable to the presence of ammonia in one ground water well. The ammonia was the result of the decomposition of organic material that is present in the fill beneath HHP. The organic material includes paper, wood, green waste and some garbage. When it decomposes, it produces ammonia. Because that effect was observed in a very localized area, the Port was authorized by the Regional Board to cover that area with a clay cap as part of the construction of HHP. She emphasized that cap is there to protect the fill material from infiltration of surface water, not to protect people or animals above the layer from anything underneath.

In 1998, the Port conducted a soil investigation in compliance with the City's public health Code Article 22A which requires characterization of soil constituents and evaluation of impacts to construction workers and future site users. The soil investigation was done to evaluate soils that would be impacted by the construction of the park and found that none of the constituents were present at concentrations that would be classified as hazardous waste nor did any exceed standards for shoreline parks in a similar kind of setting. This investigation was reviewed and approved by DPH at the time.

In 2003, the Port undertook an additional soil investigation to further evaluate the potential for contaminants and soil to pose a risk of impact of site users including students, teachers, Port and contract employees working at the site and recreational users. That investigation involved a collection of surface soil samples from 13 locations and deeper soil samples from a subset of those locations. The sample locations were selected to be in an area where park users would generally go. It was analyzed for constituents that could be of potential concern. The results of the soil analysis were incorporated into a human health risk assessment that looked at site-specific factors to evaluate how people using the site could be exposed. She showed the Commission a map of the sample locations that were used for that investigation.

The health risk assessment evaluated several pathways for how the different users of the park could be exposed to contaminants in the soil. Across the far right access are the types of users at the park that they evaluated impacts to students, teachers, the LEJ Park naturalist who was there more often than the students or teachers and would be representative of a Port employee-type exposure and a recreational user, somebody who would be there intermittently to walk, view, fish etc. The exposure pathways include direct contact with the soil, incidental ingestion of the soil that might occur as a result of picking up soil or wiping your mouth and inhalation of soil as might occur if you're walking around and kicking up dust, you might inhale the particles. The soil sampling and health risk evaluation found that the constituents were not present above concentrations of concern and not present at levels that would be expected to cause health effects. To clarify "doesn't represent a significant potential", the State and Federal EPA adopted a 1 in a million risk as their threshold for significance. To put that in context with the larger potential for people to have cancer, a person's ambient risk just from being alive in the world today, the risk over their lifetime of getting cancer is 50% for men and 30% for women. 500,000 cancers out of a million for men or 300,000 for women. What the EPA sets as their threshold as significant is less than one extra cancer on top of that 500,000.

She introduced Dr. Rajiv Bhatia, Medical Director for Occupational and Environmental Health at DPH and Professor of Medicine at UCSF. Dr. Bhatia reviewed the soil investigation and health risk assessment for the Port.

Dr. Rajiv Bhatia, Director for Environmental Health for DPH, pointed out that DPH reviews these types of risk assessments, soil monitoring, data gathering that occur in San Francisco and make recommendations for what should be done with them, how should construction proceed or not proceed, what uses are permitted given a particular result. They have been following this site for a number of years. They have extremely well-trained staff that review the work of extremely well-trained consultants. They do this in the City because they have a particular concern around environmental issues and health. They have extra laws that double check these processes. Those things were done at HHP and they've monitored it very closely. Risk assessments are one guide or tool to use. They are deliberately conservative.

Francisco Da Costa, Director of Environmental Justice Advocacy, indicated that he has known about this site since 1980. When he worked for the Department of Defense he has imperical data of how the Corps of Engineers took geological dredge from the nearby waters and put it on Pier 98. People like Espanola Jackson and others will tell you that was a place where some hazardous materials were dumped such as chrome, batteries, tires, etc. Some soil was removed but they were only taken from 6-8 inches from the surface. We need to get imperical data of how many tons of soils were removed. You don't need to be rocket scientist. This park is 50 feet away from the power plant and is detrimental to the kids and people visiting the park.

Espanola Jackson, Muwekma Ohlone pleaded the Commission to not have the living classroom built at Heron's Head Park. She has lived in the community for many years and have seen many people affected by the pollutants in the air. Bringing kids to the park pose a risk to their health and well being.

Rene Gonzalvez, talked about the results of the report. The report is only applicable at the time the sample occurred. This report is no longer good. The report states that they are intended as closely for the purpose outlined therein, the site and location of the project indicated. That project has been changed. Due to physical limitations inherited in this or any environmental assessment, Geometrix expressly does not warrant the site as free of pollutants or all of the pollutants have not been identified. There are a lot of pollutants that have never been identified.

James Morrison, BVHP resident, indicated that LEJ received a grant for almost a million dollars because the husband of the head of LEJ was the president of the Environmental Commission. Mr. Morrison had put in for these grants but was turned down. LEJ were also putting in for grants indicating that the Hunter's Point Power Plant was polluting. How did they get a grant to put a living classroom next to a power plant? The federal government has even stopped power plants from being built next to a forest; yet, this woman had her friends, relatives and soon-to-be husband in these positions. This is the history of why they are fighting for these grants. Grants that were turned down by him were all of a sudden taken over by other groups. LEJ has stayed in this community long enough. They are trying to get rid of these people getting millions of dollars and not doing anything. They are not producing any jobs, infrastructures or anything else. White environmental groups at BVHP have gotten a few black people to serve as front people to come to the Commission. They always hire somebody to do the work for them.

Benjamin Stone-Francisco, Coordinator for Heron's Head Park, indicated that Martin Luther King, Jr. once said that "We Must learn to live together as brothers and sisters or perish together as fools." He indicated that Ms. Bach and Dr. Bhatia provided an imperical scientific data stating that the park is safe for users, himself, the students and the community. Right now nature and the community both use this land. It's been about 5 years since the gates were opened. There are American Avocets inside the wetland, there are six nests about 24 eggs and about 5 little juveniles walking around and foraging for food. Nature is using this spot. The killdeer are using this spot. Birds are nesting in this spot. The community also uses this spot. Numerous students, community members, volunteers come out to this park every year. Next year, grad students from the universities around San Francisco are going to use HHP as a study site. They will study things like hydrology, bio-diversity in the species. Both the community and nature is using this area that is free from toxins. Martin Luther King was right, "We must work together and invest and invent and envision for the future of this park. We must create strategic values for that future." In the February 2005 edition of the Sun, Michael Shoenberger said that "invention and reinvention are defining aspects of our national identity and our culture of aspiration."

Milton Reynolds, President of LEJ Board, indicated that it is essential to be open to the work that LEJ does. He is a career educator and also works in juvenile justice. He is deeply invested in the well being of young people. His idea of taking young people out to a toxic site is not in his mind of view. LEJ has done due diligence in terms of determining the safety of the site. He knows that its' been a four-year struggle for LEJ to find a place to site the living classroom, a state-of-the-art environment and learning

center. As a person who spends a great deal of time outdoors, it was his safe space. It kept him out of trouble as a youth. The youth and the City are entitled to some open space. They are entitled to have a park not only to play in but also a place to learn about the environment. LEJ is the second largest employer of youth in the BVHP and is the highest paying employer of youth in the BVHP. We all know what happens to young people who are not gainfully employed and don't have a sense of hope and vision that may be connected to a job or a vocational outlook. Because of these reasons, he strongly supports LEJ both as a board member but also a community member and an advocate for children. LEJ has done the busy and dirty work to determine the safety of the site. This site was chosen by community members where they would like the living classroom to be housed. This is not about a personal attack. This is fundamentally about creating a sense of vision and hope for the bay area, most specifically for BVHP and SF youth in general. He hopes the Commission would take his comments into consideration in its deliberations.

Patrick Maury Rump, Candlestick Point St. Park, indicated that about 5-6 years ago, he worked at HHP. In that time, he got to see a great transformation of a neglected piece of land and saw it transformed into a community resource. Currently, he is working at Candlestick Point to try to replicate some of the great work that was done at HHP, trying to restore a polluted wetland at Yosemite Slough and employing people from the community and trying to get people involved in that project. He does not have to go far to show them a success story. The Port has been very good in their efforts to divulge a lot of information to the public, go out of their way to let people know the truth and also provide that community a great open space and a great place for people to use and learn about the history of their shoreline.

Tony Marks-Block, Potrero Resident, works for LEJ and grew up in BVHP. It's true that wherever you live in BVHP, there's going to be toxins and you're going to be exposed to toxins wherever you live. If HHP were closed, it would be the equivalent of the Housing Authority closing down the projects across from the power plant. That's housing for the community. What needs to be done is that the power plant and other sources of pollution need to be shut down. That is the issue. With all the toxins in the community, people need to create spaces to learn about the pollution sources. Growing up, LEJ provided a place where he can learn about what was going on in the community. He learned all about the power plant, how it affects the environment and his health. That is the real beauty of having this park. You learn about the real problems in the community, the real sources of pollution and how you can fight against them and you learn about what could be. That's the most important issue here. He became fascinated in those issues. Right now, he is studying issues of environmental science. It is a vital place for the community; it needs to be protected. The real issue is not closing down the park, but closing down other serious forms of risks and toxicity.

Naria Hernandez, Bayview Resident, formerly worked for LEJ, indicated that LEJ has given her the privilege to learn about the power plants and about plants. HHP is a great place to be because it has a lot of history and they can learn a lot because of the animals and native plants. You don't learn about native plants in school; you learn it at

LEJ. The living classroom will be built and it will be a great place for youth to be instead of being on the street.

Melanie Grossman, Network for Elders board member and volunteer, indicated that the Seniors in Motion Program promotes physical activity and nutrition for seniors as a way for staying healthy so they wont' have to go into nursing homes or become frail. To get started in this program, they asked the seniors what they would like to do to stay healthy. They wanted to exercise, walk. They wanted to stay in their community. They don't want to go across town to find a place to walk and they want to do things together as a group. They have instituted a lot of free programs such as line dancing, exercise programs. They walk in the park. Very recently, they had a walkathon and HHP was part of it. It's very good place for seniors to walk. The trails are flat and they are safe and there's a bathroom. For seniors it's hard to find a place to walk in BVHP because it's hilly or because the streets are very congested. It's very important to support the park and continue to have a place for seniors. The staff at LEJ was very helpful to them, and they volunteered at the walkathon. They are hoping to be part of the living classroom as an inter-generational effort.

Nancy Abdul Shakur, youth coordinator for LEJ, indicated that every time they come to talk about the HHP, there are people who come around and give cheap shots. It's a personal thing; it has nothing to do with the park. It's about what they will do for the community which is number one on their agenda. They have nothing to do with personal merits. It has a lot to do with what the community wants. If the community doesn't want it, they wouldn't be putting the living classroom. As far as toxins, anywhere you go in the City, there's bound to be some sort of toxins or toxicity levels. If people don't want to be educated by LEJ, or they don't want to find out about the issues, that is their prerogative. The community needs a place where they can feel safe and learn about the issues so they can teach their family or colleagues. People come from all over the City and outside the City to view and walk at HHP and see the beauty of the park.

Lakeesha Heath, resident of BVHP and employee of LEJ, indicated that she likes going to HHP. It is a quiet place and away from a lot of the noise and everything that's going on. It's a nice place to get away to and offers a place to learn about the community. There are only a few places where you could learn about it and HHP is one of the places. There are people sick in their community but she doesn't think it's from HHP. There are a lot of people who are sick in the community and there are people that are not. It's not fair to everybody or to the community to ruin something that could be possibly be one of the best things to happen to their community. It's not fair to try to take it away before it even happens.

Commissioner Brandon commented that LEJ is doing a wonderful job in educating and attracting a lot of youth to HHP. She has no idea if the soil is contaminated or not but if you look at the site and see that it has such a close proximity to two power generation plants with the City proposing a third power generation plant in the same vicinity. Hanson, RMC Lonestar and Specialty Crushing are all in the same area. If the soil is not toxic, everything in the area around it is. At the last meeting, PUC representatives showed the Commission a chart of the toxins in the air generated by

the power plants excluding the toxins from the Port industries. It's a great concept. She's glad to hear that it is being replicated at Candlestick Point and Yosemite Slough. Maybe those are sites that should be looked at for a living classroom. It does not make sense to bring children to HHP.

Commissioner Hardeman indicated that he has been on the Commission for 11 years and he has been supporting HHP and this project since he joined the Commission. He has not heard anything that made him changed his mind..

Sudeep Rao, Literacy for Environmental Justice, supports the lease for LEJ. He has a Ph.D in engineering and his graduate research focused on groundwater contamination and he has trust in the geotechnical and health risk assessments performed so far and added confidence from having the DPH validate the tests. LEJ is a youth empowerment and environmental justice educational organization. LEJ fights environmental justice. It's irrational to suggest that an organization with that vision and mission would victimize and expose itself to hazardous materials or hazard to their own students and the public. The plans at HHP call for a living classroom. This living classroom would be an education showcase and it is in collaboration with the SF Dept of Environment, the CA Coastal Conservancy and hundreds of educators from SF and the public. This would be the primary learning center in Southeast SF. This would be an excellent showcase for how we can transform our community with vision and courage. He understands where Commissioner Brandon is coming from in terms of being able to take our children there. LEJ has been fighting for the closure of the power plants. They will accomplish and realize that vision. One of the primary focuses is to build green cities. They have to transform our areas and introduce green parks. This would be an excellent showcase for that particular endeavor. He supports the lease with LEJ.

Commissioner Bierman indicated that from reading the staff report, it would seem that children and parents can be at HHP and not be that much in danger. What she does not understand are the effects of the power plant on the park and if there are things PG&E can be asked or be forced to do.

Ms. Bach replied that clearly air emissions from the PG&E power plant impact not just HHP but the entire area. Dr. Bhatia asked if he could address the air quality issues and the potential health impacts.

Commissioner Hsu indicated that 25 people spoke on this issue. He'd like to hear Dr. Bhatia's explanation of some of the concerns and questions raised.

General Counsel Ambrose indicated that the Commission having heard public comment is allowed to engage in discussion and can question staff. Dr. Bhatia is a City employee and qualifies as staff.

Commissioner Hsu asked about reopening up public comment for people who have already spoken on this subject.

General Counsel Ambrose replied that the Commission is allowed to have a staff presentation via public comment, have Commission discussion and the Commission can engage in question and answer discussion with staff. The Commission does not have to reopen the matter for further public comment.

Commissioner Brandon asked what affect the PG&E power plant, the Hunter's Point Power Plant, the Mirant Power Plant and the proposed power plant on the new Muni site and the Port industries that surround HHP have on people visiting HHP.

Dr. Bhatia Director of Environmental Health, indicated that the Hunters Point Power Plant is operated under permit. It is a relatively old and dirty plant. It's been a source of concern for the community for some time. A couple of things need to be noted. When we think about the risk of the power plant, you have to think about what it's putting out and how much time is somebody exposed. They don't believe that the exposure to a student or a typical user of HHP would be significant because of the power plant for a couple of reasons: (1) people who are recreational users are using the park for very few hours a day. When they look at risk assessment of air pollution, they are looking generally at where people are living and their exposure times are 16 hours a day, 7 days a week, 365 days a year. They are not expecting that. The other thing they would look at is for the people who were exposed, what's their exposure but for the park. In the general area of the southeast, the largest air pollution sources are the cars. The ambient air pollution is pretty well disbursed; higher for people who are living near busy roadways. He does not believe that the incremental exposure for the power plant would make a significant difference. We have to look at the long-term. This park is anticipated to be there for hundreds of years. The power plant hopefully we can get rid of in the next few years. They have been trying to do so since 1995. The same sort of issues applies to the industrial sites. Many of the industrial sites have pretty good industrial practices and are doing things to limit their PM10 exposure. There are things that the Port Commission might be able to do to improve the industrial practices of its industrial users. In the long term, the park would probably outlive the industrial users of the Port. With regard to the Mirant and Peaker Power plants, the purpose of the peaker power plants is to help replace the dirtiest Hunters Point Power Plant, the net effect is cleaner air quality not dirtier air quality.

Commissioner Brandon asked with the PG&E power plant running, the Mirant power site running and the industries around HHP and if someone were working at HHP 8 hours a day, 5-7 days a week, what affect would that have on them. Dr. Bhatia replied that there is a way to theoretically predict the risk to a sensitive user. There might be people or most people might be able to work there throughout their lives without any adverse effect. There may be somebody who is extremely sensitive that the increase of air pollution might trigger a response if they were a full time worker. The incremental increase in air pollution at that site is relatively insignificant and there would be very few people sensitive to be affected health wise.

Commissioner Hsu asked how many soil sampling was taken from the soil at HHP and how deep did the borings go.

Ms. Bach replied that the original solid waste assessment test that was done in 1989 collected soil samples from 18 locations from the surface every five feet until the drilling reached bay mud. It sampled all the way through the entire thickness of the soil which is variable; the maximum is 23 feet. The 1998 soil investigation collected samples from 12 locations from the surface every 5 feet through the maximum depth that the soil would be disturbed by construction of the park and that was a maximum of maybe 6 feet. The 2003 soil investigation upon which the human health risk assessment was based collected soil samples from 13 locations at the surface where people using the park would be exposed to it. In four locations, they also collected samples at 3 feet below grade to look for volatile material that could be deeper but potentially be released up into shallower areas where people might be exposed.

From the soil sampling taken so far, Commissioner Hsu asked if there were any evidence of toxic materials that were dumped on the site. Ms. Bach replied that they have certainly found constituents in the soil that would be of potential concern depending on their concentration. Toxicity is based on concentration and the intensity of the exposure. For example, arsenic is found at the site. You will find that listed among many other contaminants that were detected and present at the site. However, background concentrations for arsenic just present in native soil in the SF bay area typically range from 15-20 parts per million. At HHP, they were finding it at 5 parts per million or less. Constituents that can be toxins were found but they were not found at concentrations that pose a risk of toxicity. In the excavation, they encountered the debris that was described by the solid waste assessment test when they analyzed all the way through the fill and described in looking as they were drilling through. They found concrete, sand, rock, bricks, metal, asphalt, wood, paper, terracotta pots, tires. During the excavation they found all those things and tons of those materials were removed. They didn't find anything that suggested significant illegal dumping of hazardous materials like batteries or drums of material. There was no evidence of that kind.

Commissioner Hsu remarked that the level of toxicity is consistent with the South of Market area bay fill and not any worse. There is no heavy metal, batteries, and other bad toxic hazardous waste and it has never been a toxic dump. Ms. Bach indicated that that is a safe way to describing it as pretty consistent with what they find elsewhere in the artificial fill material that makes up the waterfront. There are constituents in the waterfront fill that can be of potential concern that's why the Public Health Ordinance requires people to characterize the soil before they disturb it. The Bay Area Air Quality Management District (BAAQMD) has been conducting a study over the past year monitoring the ambient air quality in the Bayview Hunter's Point Area and they have set up an air sampling and monitoring station at a location that the air quality experts at BAAQMD set up the sampling program designed to analyze air that would be representative of what people are exposed to throughout the Bayview Hunter's Point area and it would include the kind of ambient air that people would experience at HHP or working at the post office across the street or walking down Third Street. With vehicle exhaust, walking down Third Street, you would be exposed differently. They have found that the ambient air quality in that area is consistent with what they observed at a similar ambient air quality monitoring station

in the Potrero Area on Arkansas. They have not found toxic constituents, toxic air contaminants at concentrations of concern except for one contaminant which they believe to be present at the shipyard.

Commissioner Brandon asked where it's set up. Ms. Bach replied that it's near the Earl P. Mills community center.

Commissioner Bierman indicated that when she served on the Planning Commission and on the Board of Supervisors, people were complaining about PG&E not being careful enough about air quality. They heard about the asthma problems at BVHP constantly. Since it has been brought up here, it seems that we ought to look into PG&E and what their affect is because there may be things PG&E could do to make the air quality better. PG&E is a huge corporation and if there is a problem, it ought to be looked into. Ms. Bach replied that staff could certainly look into it and report back to the Commission.

Commissioner Hsu allowed each speaker to address only the new issues that were addressed in the last ten minutes and not bring up any testimony they made earlier.

Francisco Da Costa indicated that the Hunter's Point Power Plant is only 50 feet away from HHP. They are not only talking about the ambient air but also the polluted waters that gets wash into HHP daily.

Rene Gonzalvez indicated that they know that the Commissioners want to do the right thing. He spoke about the test results that Ms. Bach talked about. There's nowhere in the report that shows that the borings were done a depth of 24 feet. The report says they went 1 foot everywhere in the park. Since the people of BVHP have never received the truth from any government agencies, he showed the Navy report stating that they found sand blob and other ugly grits in the ground and were never reported to the people.

Dana Lanza, Executive Director of LEJ, has been monitoring the air quality in BVHP through BAAQMD's program. She strongly encouraged the Commission to invite someone from the BAAQMD to speak at the next hearing because their findings are consistent throughout southeast San Francisco even the City. They are not finding any smoking gun in BVHP. Not to say there isn't an air quality problem there but they're not sure where it's coming from. Secondly, she's looked at wind rows pattern studies and the air coming from the power plant falling on HHP is one of the safest places in Hunter's Point to be. Most of the particulates blow into the Bay or Oakland.

Espanola Jackson indicated that the air-monitoring site is located behind 100 Whitney Young Circle. It's hidden behind trees. It should have been out in the open.

10. PLANNING & DEVELOPMENT

A. Public presentation and comment on a draft scope to conduct labor history research for Port historic resources that are the subject of major historic rehabilitation development projects.

Assistant Deputy Director Diane Oshima indicated that the Embarcadero National Register Historic District Nomination Report has been completed and has been submitted to the State Historic Preservation Office and it's expected to be before the State Historic Resources Commission in August. There will be a public comment and review process by the SF Landmarks Board on July 20, 2005. As part of the resolution that the Commission approved to send the nomination report forward, there was also provision to have additional efforts made as part of major port projects to collect labor history research to supplement the vast amount of information that has been developed on the waterfront with site-by-site details about what kinds of activities and labor operations took place historically. While the nomination report looked at all of the global issues and talked about the historic trends that shaped the development of the waterfront, it did not go into the individual piers and the structures. As a policy matter, the Commission directed staff to have further research done as part of individual projects. Port staff wanted to make sure that people had an opportunity to review the scope, it being a first-time thing for staff there is a possibility that people might have questions on intent so staff has taken extra care to write it as clearly as possible and to acknowledge that is just to build upon not create a whole new nomination report but to be able to fill in the little gaps on a pier-by-pier basis.

Ms. Oshima indicated that one of the reasons this is before the Commission today is because of staff's desire to move forward with the Brannan Street Wharf project. While Pier 36 which is proposed to be demolished to make way for that pier is not a historic rehabilitation project the Commission has been accustomed to seeing. Staff thinks that there is a strong merit in having that labor history information collected for that pier as well as the Port maintain these archives and add all of these reports together so that it's a public resource that people can use. They can use it to support independent research efforts that go beyond the ability of the Port's resources. It's an appropriate place for the Port to maintain that essential source of information here. For the Brannan Street Wharf, the Port intends to take the lead in hiring a consultant to do the labor history research. There are pending development projects in the pipeline such as the Pier 27/31 Mixed Use Recreation Project, the Exploratorium Proposal, etc. Those developers have been informed of this requirement to do the labor history research and are agreeable to doing it.

Francisco Da Costa, indicated that if it wasn't for this area a lot of the rights and a lot of the employees and the laborers and the workforce would not exist. People died here to save and to fulfill the rights of many laborers. The father of USCG Captain Healy was Irish but his mother was Creole. Captain Healy helped a lot of people. When he was in Alaska, he literally saved the lives of thousands of Alaskan Natives because he introduced them to proteins. He is looking forward to this document because there is a lot of history in this area. He not only touched the lives of thousands of people in the bay area but also touched the lives of people hundred and thousands away from here.

Tim Kelley, Workforce History Organization, distributed a copy of the proposed guidelines they had made to Port staff in December. He has tried to match it up with the staff's document. They are essentially covered but asked for specific assurances of that or specific pointing out of what was not acceptable in their proposal. He made a few points about the research and not the policy. (1) He believes that the policy as promulgated by the Commission was to have this labor history requirement cover the entire Port administered waterfront not only the National Register of Historic District. He'd like the Commission to consider that. (2) The question of qualifications of consultants covered in page 3 of the staff report, he asked that be strengthened to be sure rather than highly desirable to have a labor historian. He'd like to see stronger wording.

Archie Green, Fund for Labor Culture & History, indicated that there isn't any Commission in the city or in the world that could function without the staff. The typist, the janitors, the window washers, the people that do the legwork, keep it air conditioned, keep it warmed – they are all very important. This book has a picture of the waterfront; it has an old retired tugboat man and boats in the background. If he was modern, he would put in a computer. He showed a picture of linoleum cut in 1934 at Pier 35 before the development; a couple of guys were sleeping on the dock, no security. When you think of history, he wants you to think of history in broader terms than labor. It's not just unions and bosses fighting each other. It's working people; it's ethnic history, social history, environmental history; everything discussed today. The first issue in the agenda today involved Hunter's Point, a giant utility against a minority community. That's one of the tensions in American life. He wants the Commission to think of what they are doing because they have a responsibility to deal with this port as a living instrument involving conflict that is raging in the world.

Nan Roth, Telegraph Hill Dwellers, indicated that they fully support this program and look forward to have Bill Bailey's home eventually moved back to Telegraph Hill. She may at some point in time be able to assist them in bringing that about. They consider their neighborhood very much a part of this history. She hopes that through their research, they hope to learn more about Telegraph Hill.

Commissioner Bierman indicated that in speaking about the history, we really have to dig and be realistic about the left wing influence on this waterfront that changed labor practices that then spread to other sorts of employment. She just happened to learned more about it because Harry Bridges lived two doors from her. It was a real education and she hopes that we do a really great job of some of that history.

B. Request approval of Revised Preferred Alternative Project for the Piers 27-31 project, per discussions with State Lands Commission staff. (Resolution No. 05-40)

Lynda Swanson, Planning & Development, presented the item and requested Commission's approval. Ms. Swanson discussed a proposal to endorse a revised preferred alternative site plan for Piers 27-31. She introduced into the record Table 1 which was inadvertently left out in the staff report. It is a short table comparing the site plan the Commission approved in November to the one before the Commission today. On November 9, 2004, the Commission endorsed the last preferred site alternative

plan for Piers 27-31 which was a change that had been approved by the State Lands Commission a year earlier in June 2003. At that time, the Commission stated that the new plan had met the Port's 13 conditions. The Commission found that it met the terms required of the public trust doctrine. The Commission approved the terms of the development memorandum. The Commission extended the ERN to March 2006, the third amendment to the ERN, in order to permit regulatory reviews for Pier 27-31 principally, the CEQA requirements. The Commission also required the developer, Mills Corporation, to go to the State Lands Commission (SLC) staff to have them review the plan that was presented to the Commission in November because it was a change from the prior year to confirm that it still fell within the terms of the June 2003 SLC staff decision which had found that site plan to be conforming to the public trust. Until that review has been approved, the EIR process could not go forward. SLC has now rendered a letter stating that the changes do conform to the public trust. Staff started meeting with them in January. They required certain revisions to occur in the subsequent months. Port staff held a combination of negotiations and meetings with them with and without the Mills Corporation confirming the changes to the site plan:

(1) To convert 6000 s.f. of indoor recreation which the SLC does not consider to be trust consistent. To convert that to retail which SLC does consider to be trust consistent. The Port is emphasizing that all retail or 95,000 s.f. the predominant percentage be recreation-oriented retail, which is different from other visitor serving retail on the waterfront. (2) To move 11,000 s.f. of indoor recreation from certain portions of Pier 29 shed into the bulkhead building and to rearrange the space on Pier 29 so that the retail is placed on the waterside. (3) To rearrange the space in Pier 31 to improve the public access beneath the entire length of the 2-story space that lies above the maritime exhibit center on Embarcadero Street. With those changes, the Port in turn worked with Mills to obtain the following: (1) Get an additional 11,000 s.f. of outdoor recreation in exchange for the 6,000 s.f. of indoor recreation space lost that is twice the recreational total that we lost, we wanted to add that to the project. Mills worked with staff assiduously and agreed on a plan that would add a new jogging track and workout area on top of the YMCA building, 10,000 sf. of a new jogging track and to enlarge the rink, the in-line hockey and skating rink that as added to the project in November by about 1700 s.f. That rink can be used for both activities and meets the minimum requirement for championship play for inline hockey and can accommodate a National Hockey League play if precedent with other rinks holds true. In total, there was a net increase of 5700 s.f. of recreation and a net increase of 6000 s.f. in retail. Because the Port Commission endorsed the terms of the revised development memorandum and the revised preferred alternative plan in November, the Port Commission is now being requested by staff to endorse the terms of this new revised amendment to the revised development memorandum and new site plan. Staff requests the Commission to endorse the changes as stated in page 6 of the staff report as they do not alter the financial terms. They actually improve it slightly over the whole term of the lease. The site plan continues to meet the 13 conditions of the ERN and adds recreation to the entire project thus keeping it within its stated goal of having 51% of all the program space in the project remain recreation. Staff recommends the Port Commission authorize the Executive Director to enter into the amendment to a revised development memorandum, reflecting these changes on or before July 15, 2005. If

endorsed, this revised project description will then become the basis for the new environmental impact report.

Steve Jacobsen, Mills Corporation, indicated that we now have a project description which is agreed by Port staff and SLC. He complimented the efforts of both Port and SLC staffs. It has been a long and hard fought negotiation. It's a compliment to their perseverance to come up with a plan that is best for the City and the Port. The project the Commission approved in November still requires SLC approval. The modifications that Ms. Swanson outlined are an improvement to the plan. The financial portion has not changed; they still have an agreement with the basic terms they agreed to last year. They are still over 51% total recreation. If you include the sailing harbor, they are at 60%. 35% of the site is still open to public use; 44% if you include the northeast wharf plaza. The project has drastically changed over the last 3 ½ years. While the process has not been easy, it's truly been the result of dozens of community organization meetings, various public agencies input as well as other individuals within the community that help mold this project into a better plan than was originally proposed almost 4 years ago. He believes that it's a plan that is financially sound for the Port as well as one that will guarantee affordable recreation and open waterfront for all San Franciscans from all walks of life. This program has done nothing but improve over time. The project is good for the port, for the City and most importantly, good for the people of San Francisco. He thanked the Commission for their time and the staff for all their help and hard work. They look forward to a favorable vote today and they anticipate the completed EIR within the next couple of months.

Nan Roth, Telegraph Hill Dwellers, indicated that she was upset about the way this was handled and the fact that there was never a community input. NEWAG specifically, Toby Levine, in particular, at some point had asked to participate in these negotiations with SLC because they were concerned about the community' needs were not being addressed in the way they would prefer and at the same time, they were denied the opportunity to speak with them. In going through the staff report, under Condition #10, she hoped that the Commission would ask and clarify that under 10C, it says, add other or restructure recreational enterprises so that all the active recreation uses are not operated by a membership club (YMCA). She's concerned that many people consider the 11000 s.f. a loss of recreation space in part because it's on the roof of the YMCA which makes it not easily accessible which also puts it under the jurisdiction of the YMCA whereas before, it was not recreation space under the jurisdiction of the YMCA. Now it becomes that, therefore less accessible to the public.

Michael Theriault, SF Building Trades Council, indicated that he has followed this project for a few years in its development and he has been impressed throughout. First, by the persistence of the Mills Corporation and secondly by the consistently high quality of their efforts to address the needs of both the City and the Port. They have done this in a variety of ways, most prominently through their involvement of the YMCA, a fine organization and the opening of the water to the general public but also by the commitment to them. Not only do they provide decent wages and conditions to their members but they provide genuine opportunities for careers through their apprenticeships to the young people of San Francisco. No one in the public takes those apprenticeships for granted. They are in constant challenge especially in the current

administration. Mills commitment to them is a genuine boon. They have fulfilled the 13 conditions. They see no reason to delay approval of the revised preferred alternative.

Jim Salinas Sr., native San Franciscan, representing 4000 men and women of Carpenters Local 22, a 125-year-old labor organization in San Francisco, indicated that they built this City and are very proud of it. Jobs will be created by this development project. This is a mixed-use development; not a mall as some people has reported it to be. Therefore, they are comfortable in asking for the Commission's support of the development of this project. This is a project that if completed would allow their members to remain in San Francisco. It is no longer a given that one will live in a city in which they were born in. This project will afford them that opportunity. People like himself are very proud to have tourists visiting the City. This is another place where they can bring people to visit. Their members work hard and it's an affordable place for them to recreate at the end of the week. They hope that the Commission will see the same type of vision that they do. There are young brothers and sisters desperate to have hope and those apprenticeship opportunities give them hope.

Kenneth Ho, Carpenters Local #22, indicated that because the 4-year project, it's not just a job for the carpenters or the other trades; it's continuous for the trades for all the young men and women who are not fortunate to finish high school or continue their education. They have a career to look forward to. Their trade carpenter could provide it for them.

John Spratley, Project Manager, The Mills Corporation, addressed Nan Roth's issue about the location of the additional recreation being on the top level of the YMCA. They wanted to increase some of the public areas on the first level of the project. They increased the size of the in-line rink as much as they possibly could while still maintaining 35% of the footprint of the site being open space. They got it as big as they could in those public areas then they hit the maximum. They couldn't get any bigger otherwise they would have violated the 35% provision required for the project. The project needs more recreation but had no where to put it. That's when they thought about putting the outdoor track on the top level. It will be a great addition to the project. He gave the Commission and the public brochures about the project.

Johnny Wang, Neighborhood Parks Council, indicated that the NPC had been following the development of the Pier 27-31 since its initial proposal. NPC is very pleased with the changes made by Mills in response to the concerns raised by the community for more recreation and open space. The Green Study researched by NPC and a second independent study by a national consultant indicated large gaps in green space and recreation facilities throughout the City. The proposed facilities for the Pier 27-31 project offers many new and exciting areas that can help alleviate these gaps. NPC truly believes that Mills Corporation has responded to community concerns and they sincerely hope that this project come to fruition.

Jay Berlin, Alternative Family Services – Foster Care, indicated that they have about 100 children who are dependents of the City & County through no fault of their own. They are very impressed that the organizers of the project came to them and wanted to

include them. They were impressed with the open nature of the recreational facilities and their determination to be inclusive to people from all walks of life. They have families who are taking care of children of all ages who would use this facility. They look forward to working with the other partners in the facility and they are very much in support of the project.

Karen Foss, America True Executive Director, indicated that the increases in retail and outdoor recreation don't affect America True or its proposed sailing and water sports program. Currently, with the help and support of YMCA they are running three sailing programs this summer. All of their programs are aimed at helping financially disadvantaged children with the opportunities to take part in learning a new recreational activity. They also provide for any at-risk kids. At-risk child is any child at risk of not knowing how to sail. They run a program at Lake Merced where each summer it's a challenge to fight for water time for their kids. They also run a 2-week camp in Sausalito for the children of Marin City who can see the water but have no access to it. They run a youth day at Shoreline Park at Bayview Hunter's Point which gives residents a chance to get out into the water, in whaleboats and kayaks. They strongly support the piers project for the affordable recreation it will bring to the citizens of San Francisco and for the opportunity to have all of their programs under one roof. They look forward to being able to reach more children and more districts and to provide the only public water access that the children and future sailors of SF will have.

Steve Fields, Progress Foundation Executive Director, non-profit mental health provider for San Francisco from all ages 16-116, addressed a couple of important issues that this project represents for the community they serve. He also serves on the board of the SF Health Authority which is the provider of the two plan model and healthy families and healthy children program in the City. Not speaking on the board's behalf, two of the largest priorities that they have been struggling with for the last 3 years have been asthma and obesity. Every study that has been done has shown that one of the major ways to counteract these trends in the communities is recreation. They don't have enough recreation opportunities for the young people. Young people are stuck in situations where we will see a rise in asthma and obesity if we don't do something. This is a big step in the right direction. He is also on the task force that oversees the implementation of the Prop 63 funds which is the new Mental Health Services Act that promises to bring new resources into the community. Three community meetings were here in the Bayview, the Sunset and Chinatown over the last two months. One of the most frequently mentioned issues coming from the community are mental health issues for their children because there are no safe places for recreation. They are stuck in communities where they don't have a place to go. This project directly addresses that need and he urged the Commission's strong support to move it forward in order to provide resource for the kids.

Azalia Merrell, Carpenters Local #22, a native San Franciscan and one of the 4000 members of the United Brotherhood of Carpenters indicated that the woodwork in the conference room is the woodwork that she and her partners installed at the last remodel of this building. It allowed her family to maintain themselves in the City; the City she was born in. Unlike many of her neighbors who were pushed out. This project

will allow people who were born in the City and people who came to make this City their own, to maintain their families just as she has. She is a single mother of three young boys. Playland at the beach is not coming back. Disneyland with each passing day is further out of her reach despite her good union wage. This project is going to personally provide for her family, the families of not just her fellow brothers and sisters, carpenters and construction trades but as well as for all San Franciscans. It is something that is much needed. She sees that the skatepark is being included which will hopefully decriminalize that aspect of recreation which her sons enjoy. As the previous speaker spoke about sailing, her sons asked her last week, if they could go to one of those nice sailing boats. She couldn't give them an answer. It's currently out of her reach. This project will truly afford San Franciscans and those who come to visit our City the opportunity to enjoy something that is currently out of their reach.

Judith Gatewood, Carpenters Local #22 member and field rep, spoke at a hearing on this project a couple of years ago before the building was retrofitted and remodeled. She thought it was a good project then and it's a good project now. It's an improved project. She hopes that this project moves forward. She is also a member of the YMCA and looks forward to using this facility. The YMCA in general provides a lot of community activities even though they are reasonably priced, they provide a lot of scholarships. She thinks this is an all around good opportunity to put an excellent facility in a beautiful place.

Dana Riley indicated that she has been introducing at-risk kids to the sport of sailing for over ten years. She has seen first hand the positive influence that these experiences have on people's lives. She is a SF resident and she has been waiting patiently for the piers project to become a reality. She has been attending numerous community meetings discussing what other aspects should be added to this project and what has helped shaped this project. It is imperative that this project go forward in order to provide this City with affordable place and access to the water.

John Hayes, native San Francisco resident and a bay sailor, indicated that the America True program and Mills Corporation offer an opportunity for the public to easily access the bay for water sports. America True provides programs such as these growing activities that open another avenue for the public to enjoy the City from the water. One of the greatest benefactors is the youth. When kids are involved in sailing programs, they develop trades that transfer both on the water and off. Confidence from sailing skills, responsibility and sense of pride from taking care of the boat and team work and fair play as they move on to racing programs. America True's program would be a benefit to both the public and this project.

Barbara Kimport, YMCA, shared with the Commission YMCA's continued excitement and dedication to add the YMCA on the bay to their roster of facilities and life-changing programs for San Franciscans. The new YMCA on the bay will feature recreational activities that YMCA cannot provide in one space and under one roof anywhere else in the City or in the country. The Commission heard about the activities, the indoor and outdoor playing fields for soccer and lacrosse, indoor and outdoor basketball, volleyball, skateboarding, rollerblading, rock climbing, ropes course, high-adventure area, BMX, gymnastics, tai chi, martial arts, 3 swimming

pools, league play facilities, teen center, senior center, community center and the just added fabulous outdoor track. The minor changes prescribed through the negotiations between the Port and SLC has resulted in an increase in the site's overall recreation and helps the YMCA meet a critical need in the community. As Steve Fields said earlier, SF faces a public health crisis that is aggravated by the City's lack of recreational opportunities. Piers 27-31 will not only provide affordable recreation for all San Franciscans but help combat the serious challenges. Studies have shown that exercise is one of the best ways to combat health risk like obesity and asthma but the lack of recreation facilities and in many neighborhoods concern about safety are contributing factors. That means that kids and adults are getting less exercise than ever before. Pier 27-31 will provide a safe and affordable place for children and families to exercise and play - 366,000 sf. of open space and public access including a new 2.4 acre plaza and 167,000 sf water oriented YMCA.

Ernestine Weiss, indicated that looking at the picture she does not see any volleyball courts or any of the things she's seen in previous pictures. There was no mention about the traffic study. She asked about the status of the study.

Tim Kelley, Workplace History Organization, took the opportunity to support the project particularly as it applies to his brothers and sisters in the construction trade. With the added labor history, there will an opportunity for them to take pride in their craft, autonomy and pride in their history all in the same project.

Jon Gollinger indicated that Citizens to Save the Waterfront is a citywide coalition of neighborhood groups, waterfront businesses and environmental and transportation organizations. He asked the Commission to postpone its consideration of this item to allow for adequate public review. He thinks the reason that in November when the Commission looked at this plan once it was once given adequate time for public notice and review, saw more than 200 people, 90% of whom opposed the Mills plan as proposed because it's more of a shopping mall than the recreation proposal they are trying to sell. Those folks today did not make to this meeting because the significant changes that Mills is proposing to make to this plan was noticed to the public only two business days ago. Two business days, they were first allowed to look at these changes. The fact that the Mills Corporation has turned out so many of their supporters is evidence that these are significant changes. By replacing 6000 s.f. of prime indoor recreation space with 6000 s.f. of retail shops adding 8 more stores and claiming that adding a jogging track on the roof that people have to pay to use to replace that is a misplaced claim. The bottom line is that the public has been given two days to look at these plans. NEWAG, which was only sent these plans this morning, should first be given a chance to look at them and give the Commission their input. Rather than rush to judgment today without time for public input, he hopes that the Commission will take time to do it right. He mentioned that they have a lot of questions about SLC's requirements being mentioned as the reason the developer had to make these changes. He urged the Commission to ask where it is written by SLC that these changes had to be made. The only thing in the letter they sent to the Port last week is that they are okay with the revised plan. It did not state that the Port had to reduce indoor recreation and replace it with retail. He asked the Commission to take the time and do it right.

Commissioner Hardeman indicated that it's a strange argument that going up on the roof is a big inconvenience. When he was a young man, he had so much energy. A lot of young men and boys have that problem. He never got tired when he was little. He could hardly sleep; he just wanted to play and run. Until his mid-thirties he was like a pinball machine and he finally started calming down a little bit. He does not see a person going clear across town, up by the zoo, the Richmond, Hunter's Point or Visitation Valley, and having the inconvenience of having to go upstairs once they got to the sports complex. If the space is increased by another 10% upstairs, it would be wonderful. He thinks that the project is moving in the right direction. When he was younger, he also got the opportunity to hang around SF Boys Club and Columbia Park Boys Club. It kept him out of trouble because there were things to do. This project will be tenfold over what the boys club offered. Dozens of his comrades from the labor movement were here at 4 p.m. but had to leave early. The project is moving along and he is going to support it.

Commissioner Lazarus asked if the EIR has started. Ms. Swanson replied that only the background studies that the City Planning Department had started and stopped. They are waiting to start again. Commissioner Lazarus asked if these changes were made in response to concerns expressed in the negotiations with SLC. Ms. Swanson replied that SLC staff examined pier by pier and even space by space in order to come up what in their estimation balances trust consistent uses with non-trust consistent uses. Since we have had a long balancing act regarding indoor recreation, they felt in the end that visitor-serving retail, recreation retail is still in their mind public trust consistent and indoor recreation was not. They felt that they were still on balance, too much indoor recreation. In negotiations that went on for many weeks, the visitor-serving retail portions of the project were moved around. The indoor recreation was also moved around and partially converted to retail, which is in the site plan. It was the consequence of these combinations of interactions with SLC but when they were done and satisfied, the Port was not satisfied. Staff worked with Mills to increase the recreation, albeit outdoor, outdoor recreation is trust consistent because it has a water view principally and brings people to the waterfront reliably. The Port and Mills then went into a period of conversation. As Mr. Spratley explained, we were trying to balance BCDC's requirements for the 35% public access on the first floor with financial requirements that the Port would absolutely not back down from. With trying to continue to find more and more opportunities for yet other kinds of recreation, they cam up with the walking and running track but not one where you can go to a small place unimpeded by pedestrians or bicycles and run but now there is a place for that activity.

Commissioner Bierman asked if the entrance to the project is free. Ms. Swanson replied that the entrances to the project are free. The question arose about where the sports valley courts will be located. The angle taken on the photograph happens to hide the sports valley. Within the sports valley, there are plenty of activities. Some are completely free; some have a minimal charge. The YMCA has a fee structure for hourly, daily, monthly or yearly use as a family group or not. As mentioned, 50% of

the children that go to the YMCA are subsidized in some mode or the other. It will be extremely affordable.

ACTION: Commissioner Brandon moved approval; Commissioner Lazarus seconded the motion. All of the Commissioners were in favor; Resolution No. 05-40 was adopted.

C. Informational presentation on proposed legislation to change the height and bulk designations on Port Seawall Lots 324 and 322-1 (site of Embarcadero Hotel Project).

Jennifer Sobol, Planning & Development, presented the item. Ms. Sobol indicated that Supervisor Peskin recently introduced legislation to amend the City's zoning map to change the height and bulk designations on two of the Port SWL 322-1 and 324. Both of these lots are zoned for 84 feet. SWL 324 on Broadway and Embarcadero is the hotel site that is zoned to 84 feet. The legislation is proposing to down zone that to 40 feet. SWL 322-1 is the site for the proposed parking structure for the hotel project that is also zoned to 84 feet; the legislation proposes to reduce that to 65 feet. The legislation went to the Planning Department for environmental review and the Planning Department staff recommended that SWL 322-1 be reduced to 65 feet but it rejected the provision to reduce the height on 324 to 40 feet stating that 40 feet was just too low for a building on such a prominent corner as Broadway and Embarcadero. The Planning Commission at a hearing on May 26 made the following recommendations for the proposed legislation. It recommended reducing the height on SWL 322-1 to 65 feet and it recommended on SWL 324 the recreation of a special height district which would allow 58 feet to the parapet of any building on that lot and 65 feet to the top of any mechanical equipment. The Planning Commission was recommending a compromise on SWL 324 and they looked at the building across the street from the hotel across Broadway which is the Golden Gateway Commons (GGC) building, they recommended 58 to the top of any parapet because that's similar to height of the GGC buildings façade. They recommended 65 feet to the top of the mechanical equipment which is similar to the GGC stair towers and chimneys. In effect, the Planning Commission was recommending that a structure built on the Port seawall lot have a similar profile to the GGC. If the hotel building on SWL 324 was built to those dimensions, they will be identical buildings as bookends at the end of Broadway, signifying the entrance at Broadway at the Embarcadero. Port staff believes that the Planning Commission's compromise to establish this special height district is a reasonable alternative to the proposed legislation lowering the height to 40 feet. Staff also believes that the proposal to reduce the height on the back lot SWL 322-1 is reasonable. This legislation now goes to the Land Use Committee of the Board of Supervisors. It is set for a hearing tomorrow at 1 p.m. This matter is being presented to the Commission as an informational item but seeks Commission's comments and direction on this issue.

Commissioner Lazarus reiterated that Supervisor Peskin proposed some legislation and the Planning Department responded with a compromise. Obviously, the legislation has not been amended to reflect the Planning Department's compromise. Ms. Sobol indicated that the legislation now calls for a drop to 40 feet on the hotel site and 65 on

the garage site. The Planning Commission recommended establishing a special height district on the hotel parcel. That recommendation will go to the Land Use Committee along with the legislation. This legislation will be heard along with the Planning Department's recommendation, the Port and the developer and nothing has been amended. The legislation is still as proposed.

Commissioner Lazarus asked if the Board were to ultimately approve the special height district, it would be done. Ms. Sobol replied that after the Land Use Committee makes its recommendation tomorrow, it goes to the full Board of Supervisors for two readings. The ordinance has to be signed by the Mayor through the legislative process. Commissioner Lazarus asked if that would be the process for establishing the special height district. Ms. Sobol replied that if the Land Use Committee were to accept the recommendation of the Planning Commission and make its recommendation, the special height district would then go to the full Board.

Commissioner Hsu asked if the developer agreed to the compromise of 58 feet, would the project still be viable at that height. Ms. Sobol replied that the developer is still studying the issue. This proposed compromise will affect the hotel design. There will be a loss of rooms; they're still studying what that impact is. She invited Clyde Gwynn to address the issue on the compromise.

Clyde Gwynn indicated that they don't have a final answer to the question. They certainly hope that a compromise that would allow the Port to achieve its objectives, the greater City to achieve its objectives on this very important piece of land and they as a developer can achieve their objectives, can be met in a way that is satisfactory to the community. This is a difficult, engineering feat to downsize yet another significant notch. Their architects and mechanical engineering consultants are hopeful they can.

Commissioner Brandon asked if they are studying the Planning Commission's recommendation. Mr. Gwynn replied that they are studying the engineering if they can get it down to that height. Commissioner Brandon asked if the 40 feet height would be out of the question or would they be able to continue. Mr. Gwynn replied that at 40 feet they cannot make a hotel and meet the Port's needs for revenue.

Commissioner Hsu indicated that in essence, engineering wise, they could build a 40-feet building but they can't 77 feet building. Mr. Gwynn replied that the hotel will be a 120-room small hotel with no public space. In terms of the Port's revenue goals of the land and what would be appropriate, they can't get anywhere close to that.

Commissioner Hsu indicated that in order to operate a hotel, any smaller than the compromise solution of 58 feet to the top of the parapet would be hard to pencil. Mr. Gwynn replied that to get down to that, they are squeezing the public area and guest room height pretty much minimum for that quality of hotel. To go any further, they would have to lop off the floor. There's no squeezing past that. To that point, you get down to that untenable position financially.

Commissioner Hsu asked if they looked at how many rooms they would lose if they had to lop the floor off. Mr. Gwynn replied that they would have to move mechanical

down into the building and then move meeting space down to the basement and it will require more excavation that they originally planned. It will be in the neighborhood of 240-254 rooms. Commissioner Hardeman indicated that they started at 400+. Mr. Gwynn replied that they started off at 440 rooms about 38,000 s.f. of meeting space, 11,000 s.f. of retail space and now 240 rooms, about 10,000 s.f. of total meeting space including foyer, about 2,000 s.f. of retail and one restaurant. Going back about 3 ½ years ago, a response to two things they heard from the community; one was the project was simply too large for that site. Obviously, they were trying to balance that with the revenue needs of the site. They also heard from the community that particular approach involves a sky bridge in order to connect the two buildings because they would have had guestrooms and public facilities on both sides of the street. There was quite a bit of negative reaction to that although there are sky bridges down that street in 5-6 locations. In order to conform what they were hearing from the community, they downsized about 45% of the project and eliminated the sky bridge as part of the project. The sky bridge was certainly a complaint in certain quarters. What they heard from the residents was the mass. He thinks that the sky bridge was more a concern from people who weren't involved in the design.

Commissioner Hardeman indicated that he personally supports 65 feet. If the building across the street is at 40 feet and the developer would like to build one at 85 feet, it won't be practical. This plan was worked on for many years at 80+ feet and was knocked down to 65 feet. One developer is willing to spend $10 million on this project. They are trying to kill the project. The supervisors would like to do this to a developer who is trying to do business in San Francisco. To do this to one of their departments, take tens of millions of dollars away from the City in hotel tax, he thinks it's not a good way to do business.

Mr. Gwynn replied that the total tax and fee revenue to the Port and the City in the first ten years is $68 million; about $12.7 million goes to the Port in rent. Commissioner Hardeman asked who gets the 200 rooms they are losing. The do-gooder organization that normally receives the hotel tax will no longer receive them. Now the project is downsized again.

Commissioner Hsu supports Commissioner Hardeman's views. This would not be fair to anybody who worked on this project for the last six years. Our staff, our time our resources and spot zoning is just not right whether it is spot zone higher or lower. This is targeting the project. Whoever proposed this simply wants to kill the project and it would significantly affect the value of the Port's property. It will significantly diminish in value. However, he would conditionally support the 65 feet down zone only if Stanford Hospitality is willing to take the compromise solution and still find it possible to build a project there so the last six years of effort would not have been wasted and we won't end up with a lawsuit, having spent that much time and having gone through the approvals, all the hard work the Commission and staff have put in only to find that we ended up with a piece of land that is not worth anything. If that is okay with the developer to still have a compromised solution at 65 feet or the 58 feet, he would support that on that condition.

Mr. Gwynn replied that they are certainly committed to do the work at their expense to find what they can do within that compromise and come back to staff and report that as quickly as possible.

Commissioner Hsu indicated that he would not support the down size to 40 feet. He would support the 65 feet compromise. The legislation to amend the City zoning map to be heard at the Land Use Committee at the Board of Supervisors tomorrow is to down zone it from 84 feet to 40 feet on one lot and 84 feet to 65 feet on another lot; he does not support that. What he would support as a compromise, if the developer still finds it viable to have the project there at a 65 foot height limit, then he would support that. He would support 65 feet on both lots.

Commissioner Bierman indicated that the trouble of dealing with this is the view lines. She does not know who would be losing views. Commissioner Hsu indicated that view is not a protected commodity. When you have a building, obviously views are going to be changed and blocked somehow. This is consistent with the Waterfront Land Use Plan and consistent with the City's General Plan. There's nothing wrong with it. We have been talking about it for the last 5-6 years at 84 feet height limit. All of a sudden, the project was approved; a lot of work was put in by the developer and staff and then to chop it down to 40 feet is not fair to anybody.

Jennifer Sobol clarified that the RFP required the 65 foot height for both of those lots. Even though, they were zone to 84, the Port requested the 65 feet height with additional height at the corner if needed for emphasis. The current hotel project is 65 feet for most of the hotel building, 77 feet at the corner and the mechanical goes above that. The garage building is 39 feet but what the Commissioner is saying that they are supporting a compromise that would be 65 feet on the hotel site and 65 feet on the garage site. Commissioner Hsu indicated that so long as the developer finds it feasible to still have a hotel project there. Perhaps the 58 feet would be fine.

Commissioner Lazarus asked for clarification if the Commissioner was proposing a third alternative, not necessarily the Planning Department's compromise but going to 65 feet with mechanicals being able to go higher. They are saying 58 and up to 65 feet with mechanicals. Commissioner Hsu indicated that it is a deviation from the zoning code. It's usually 12 feet beyond the height limit for mechanical space and a few feet for parapet but they are making it very special. So long as the developer is okay with whichever compromise solution, he would conditionally support that. He would not like to see our efforts in the last 5-6 years go away because of this down zoning.

Commissioner Lazarus asked if Ms. Sobol is in a position to suggest or offer yet another alternative to the Land Use Committee tomorrow. Ms. Sobol replied that the Port could certainly make its position known. She does not know whether the Land Use Committee members would accept that proposal. The Planning Commission made this official recommendation at 58 feet; staff can certainly take this third alternative, which is 65 feet on the hotel lot. That would still require some design changes because the hotel actually goes to 77 feet at the corner. She assumes that the 65 feet means to the top of the finished groove where this special height district talks about 58 feet to the top of the parapet.

Commissioner Hsu indicated that as long as the developer work with the community and the Port to make this a compromise solution for the entire community, it is fine whether it is 65 or 58 feet to the top of the parapet or with the inclusions that are allowed in the Planning Code for regular projects. Since Stanford representative cannot tell us tonight whether the 58 feet is an acceptable compromise for them, he would not recommend something that would otherwise kill the project.

Commissioner Lazarus indicated that it seems to her that nobody supports the 40 height limit. It becomes a question of interpretation about the other. To the extent that we would want to be on the record of what's going, she wanted to give Ms. Sobol guidance that if we can't get President Hsu's recommendation, where do we go from there?

Commissioner Hsu indicated that the Land Use Committee could do whatever they wish. They could adopt the 40 feet and 65 feet on the two lots. They could reject and not do anything and leave at 84 feet, leaving people to resolve the issues or adopt a 65 feet or as recommended by the Planning Commission.

Commissioner Bierman asked who recommended the 58 feet. Commissioner Hsu replied that the Planning Director and the Planning Commission recommended the 58 feet to the top of the parapet on one lot and 65 feet on another lot. Ms. Sobol added that on that one lot 58 feet to the top of the parapet which is similar to the building façade to the GGC and 65 feet to the top of the mechanical equipment. Commissioner Hsu indicated that would be equivalent to down sizing it to 3 ½ feet. It's lower than the 58 feet height limit. Normally a 58 feet height limit allows parapet and mechanical penthouse to protrude beyond those heights. Ms. Sobol indicated that the top of the parapet is 58 feet; it doesn't define the roof below that. It's not allowing anything to go higher than 65 feet, similar to GGC.

Commissioner Hsu indicated that he would support that based on the condition that the developer finds it viable to still have a project there.

Ernestine Weiss, showed the Commission a picture showing how ugly the proposal is. The yellow color is the wrong thing for keeping in sync with the surrounding buildings. The 40 foot height is in the Northeast Waterfront Historic District RFP. No way is it going to be 65 of 58 on the waterfront. There are no view corridors looking up to Telegraph Hill. This is about having enough rooms to make it economically viable. They can eliminate the garage and they have enough rooms to make it economically viable. This whole proposal is unacceptable. If they are hungry for a garage, get a financial creative plan going with investors to put the garage underground. They don't have an attractive design. This corner is one of the most important intersections. This should be a most attractive corner; instead their proposal is ugly and unacceptable. There is no room in San Francisco for mediocrity. There is only room for excellence. She indicated that the 65-40 height limit could be viable.

Jonathan Middlebrook, Waterfront Action Group, has some sympathy for how many hours the Commission and the staff have put in. He would have been more

sympathetic except that it seemed to him that the Commission was determining the case before they heard from members of the public. He delivered a letter from the Waterfront Action Group detailing their objections to the Commission. One thing the Commission need to keep in mind is that while the Commission is talking about a 39,000 s.f. parcel, Block 139, which is under the current rezoning proposal would be zoned at 40 feet. The usable hotel site is 2.2 acres. They don't have to have the hotel just on the triangle, which is being currently discussed. They have two other lots on which this hotel can grow with an intelligent architect. In one way or the other, as Mr. Gwynn said this project has been in the works for 3 ½ years not 6 years as the president of the Commission mentioned. The Stanford Hospitality is pushing some version of what you can see slightly in the sketch. That is their product. That is the kind of project they build. Their hotels are called S.F. International Airport Hotel. They have in mind a hotel that would be swell for an airport, not for the best of building sites in California which the Commission hold in the public trust. The Commission is acting like its public property and there's some kind of right being taken away. It isn't, it's public property. It needs to be in the public's interest; in the public's trust.

Nan Roth, Telegraph Hill Dwellers, indicated that from the onset of discussion for the development of this site, Telegraph Hill Dwellers have advocated for compliance with the provisions of Article 10, Appendix D of the Planning Code which addresses the parameters of development within the Northeast Waterfront Historic District of which these seawall lots are an important element. There is no precedent in preservation law and practices that she's aware of that provides for exceptions to code based on the height of unhistoric buildings across the street. Historic districts are premised on specific periods in history. The GGC bear no relationship or relevance to the Northewast Waterfront Historic District. Article 10 includes a description of important features that must be preserved. Included is overall form and continuity described as follows: Building height is generally within a six story range with the higher structures closer to the base of Telegraph Hill and lower buildings near the water. The district has developed a map as demonstrated in the chart. All the yellow properties are developed to 40 feet or less. These so-called provision has been further reinforced over the years by specific height limit which include a limit of 40 feet on all parcels facing the inland side of the Embarcadero from Fisherman's Wharf south to Broadway with the exception of SWL 324 which was fully occupied by a freeway at the time the historic district was designated. The district as currently developed conforms to this pattern. The freeway no longer exists. It is time to reclassify SWL 324 to conform not only to the historic district guidelines in Article 10 of the Planning Code Appendix but also to the provisions of the Waterfront Special Use District #3 and to the provisions of the Design and Access Element of the Port's Waterfront Land Use Plan specific to SWL 324 and the RFP for development of this site.

Commissioner Bierman asked if the historic district recommended the 25-40 feet height as illustrated in the yellow buildings in the chart. Ms. Roth replied affirmatively. In other words the lower buildings are located near the Embarcadero and they increased in height as they get close to the foot of Telegraph Hill. In the current zoning, it reflects that except for the three lots.

Commissioner Bierman indicated that the Commission don't have enough information to make a judgment on this project, which views are going to be clobbered by 65 feet. The Commission does not have enough information to go to 65 feet in such a well-known historic area. She thinks that the Commission should back the 40 feet that Supervisor Peskin recommended.

Commissioner Hsu indicated that we worked on this for almost 6 years. This project has not been approved but the Port has been working with the developer on their proposal.

Commissioner Bierman indicated that she has not been working with the developer. Commissioner Hsu indicated that since they have been on the Commission for the last two years, the developer has been coming to the Commission and staff. Staff has provided the Commission information during their negotiations with the developer.

Commissioner Bierman indicated that she's voting no and the hotel shouldn't go over 40 feet.

Commissioner Hsu indicated that at every hearing, there are pictures and renderings, illustrations, layout showing more aspects of the project including a view corridor from both sides, the opponents and the developer's team showing what would be blocked, what would be preserved.

Commissioner Bierman indicated that since they don't have that information, they do see that the majority of the blocks in the diagram are at 40 feet. Commissioner Hsu agreed with Commissioner Bierman that in this diagram the buildings are at 40 feet but if she looks at the other diagram, to south of it, it would be the other way around.

Commissioner Bierman indicated that this is the historic district and this development is in the historic district.

Felix Rodriguez, Architect and resident of Golden Gateway Commons, indicated that the premise to compare the establishment across the street is incorrect. They should address the historical district. The map that they gave the Commission is incorrect. The drawings and the heights are incorrect. This is the correct height of the buildings. Where they state the parapet at 58.53 feet, it's actually 50 feet. Where the top of the chimney, where they say it's 65.11 feet it's actually 58 feet. In fact there's only one chimney that's at 65 and it's in the center of their complex. All the premises that they have been comparing to is wrong. The heights are wrong. There is no EIR on this property yet. Just recently, Paul Maltzer of MEA has stated that the 40 foot height is totally acceptable for this property and it would not economically destroy the development of this property. He had a meeting with Mark Hornberger and they talked about lowering it to 40 feet in the front lot and if they can come up with aesthetic design. They believe that could happen. Also the bridge idea is something that is not viable. They don't care, they will take the bridge so that the height on that small lot would be 40 feet. Mark Hornberger is a good architect. He can articulate and make it 65 feet at the next property and the property after that. He can get all the rooms he wants in that particular project. If it didn't have the bridge, he can honestly say as an

architect, you can't make it work. At 40 feet with the other opportunities going over, it can be a financially feasible project.

Dan Lipkin spoke for Diana Taylor, Waterfront Action Group, WAG supports the original proposal to amend the planning code zoning map to rezone parcels 139, 140, 141 and does not support the Planning Commission's modification recommendation. They don't believe that the GGC is the appropriate reference point of the hotel height rather the appropriate reference is the Northeast Waterfront District in which these parcels are located. Finally, they take issue with a number of items in the Port Commission memorandum prepared by Port staff and asked the Commission to refer to the cover letter and packet that they distributed earlier for more details. An important omission can be found in a May 18, 2005 addendum to the Waterfront Land Use Plan EIR prepared by the Planning Department .It reaffirms the viability of a 40-foot hotel. It concluded that the 40-foot height limited on lot 139 along with the 65 height limit on lots 140 and 141 "...would not preclude development. A large amount of redevelopment potential would still exist at the 2.2 acre hotel site."

Commissioner Lazarus indicated that this conversation is about this project. This is about the way we go about doing public policy in San Francisco. She concurred with the Commission President that this is not the way to go about it. All of this is in reaction to a project that has been on the drawing boards; people say at least 3 and possibly 6. These issues should have been raised and dealt with at the very outset. She does not appreciate the fact that this is all happening at the 11th hour. She's sure if she were the developer, she would appreciate it a lot less. She thinks that we're not going to have much to say anymore that somehow this is going to get done between the Planning Department's recommendation and what Supervisor Peskin wants. It is not fun to be at the whim of policy that is done at the 11th hour when there were lots of opportunities. Everybody knew from the beginning what was being contemplated for this site. Some people had some idea what the economics were going to be. Those issues should have been raised from the beginning. If there were some concerns about the height limit, it should have been addressed then. It's incredibly unfortunate that we are at this position now. What we have to say or even what the developer has to say about the economic viability is going to impact the outcome. She would hope that if there are any projects similar to this down the road that this sort of issue be addressed from the very beginning with all the stakeholders so that we're not at odds on something. We are never going to come to agreement with everybody with his or her own perspective and it's too bad the compromise wasn't worked out, whether it was three years ago or six years ago. She cannot condone this as a way to do policy and planning policy in the City & County of San Francisco.

Commissioner Bierman indicated that the Planning Commission has heard this item and has passed on it. She asked about what the Planning Commission approved.

Ms. Sobol reiterated that the Planning Commission made the following recommendations: On SWL 322-1 where the garage is proposed, they recommended the reduction of height from 84 feet to 65 feet as proposed in the legislation. On the SWL 324, where the hotel is proposed, they recommend that the creation of special

height district which would allow 58 feet to the top of the building parapet and 65 feet to the top of the mechanical equipment.

Commissioner Bierman asked who proposed the proposed zoning legislation. Ms. Sobol replied that Supervisor Peskin proposed the legislation.

Commissioner Bierman asked if the Planning Commission is on record at 40 feet. Commissioner Brandon indicated that they are at 58 feet and 65 feet. Ms. Sobol replied that it proposed a compromise for the hotel site at 58 feet and 65 feet; it rejected the 40 feet proposed legislation. The Planning Department's staff report is attached to the staff report. The Planning Commission adopted the Planning staff's recommendation. Commissioner Bierman indicated that she'll support the proposed 40 feet but if the Commission would support the Planning Commission's recommendation, she would support that.

Commissioner Hsu indicated that he would support that too as long as Stanford Hospitality is okay with that compromise, meaning that he does not want anybody to have worked for nothing for the last 3 or 6 years. A lot of time has been put in. He concurs with Commissioner Lazarus' comments that all these issues should have been dealt with when they started. The effort to kill this project by using this legislation is unfair because it's spot zoning. He simply does not appreciate the process the way this is dealt with. He would support the Planning Commission's recommendation of 58 feet on one lot and 65 on the other lot. With the 58 to the tall of the parapet and 65 feet to the tall of the mechanical on SWL 324 and 65 feet for SWL 322-1. The Commission does not have to vote since this is only an informational presentation.

Commissioner Hardeman indicated that his preference is still 65 feet. Commissioner Bierman indicated that she's flailing because she's so used to seeing facts. She has been on the Planning Commission for 8 eight years and knows how the Planning Commission works.

Commissioner Brandon reminded Commissioner Bierman about the three-hour public presentation on this project.

Ms. Moyer indicated that the Planning Commission studied those items for three hours at their meeting as well.

Commissioner Brandon supports the Planning Commission's recommendation since the RFP set the height limit at 65 feet.

Ms. Sobol indicated that they are not supporting what's in the RFP. Commissioner Brandon is supporting the Planning's recommendation of 58 feet, top at 65 feet.

11. BUSINESS & FINANCE

A. Informational Update on the Port's Fiscal Year 2005-2006 Operating Budget.

Deputy Director of Business & Finance Tina Olson indicated that the Port has a total budget of $52.7 million. The budget has a total increase of $980,193. The majority of those increases are from $500,000 in COWCAP which is the Citywide overhead allocation that the Port pays to the City. Staff had estimated $500,000 based on average for several years. The Controller came back with their actual allocation planning calculation which was closer to $1 million. $200,000 increase in health insurance, based on more accurate calculations with the health insurance rates based on health plans for next year. $169,000 for worker's comp; that was related to the Port's contribution of administering the City's worker's comp program. The budget committee cut a total of $282,270 from the Port's budget - $157,500 was for professional services and there was other miscellaneous other cuts. They cut two of the Giants tickets as well as directed Port staff to sell the seat licenses - $7,500 a piece for the seat licenses and $7,500 for the tickets. The budget committee recommended the Port to reappropriate $38,990 a piece for the environmental clean-up in the Southern Waterfront; $38,990 for roof replacement, $38,990 for the diesel emissions program and $22,800 for youth employment program. There are position changes since the budget was submitted in February. Three positions were cut and four were added. Staff has been evaluating all the different positions, trying to roughly keep the position count around 218 but orient it more towards maintaining and managing the maintenance of our property as opposed to administrative positions or positions that are not needed as much. The new positions are: Administrative Engineer, Utilities Specialist, Construction Inspector and Building Inspector. The three positions cut from the budget are: a vacant Engineering Associate I position, a vacant Engineering Associate II position, and a filled Collections Supervisor position. That position has been filled but the incumbent has been on a disability leave for 19 months. Staff has learned during that period of time that the collections activity didn't' change. In fact, the total number of accounts that went into receivables was reduced. There's one remaining employee who manages collections and she has been able to manage the workload without doing overtime. Staff also realized that the vast majority of accounts that go into past due accounts of up to 60+ days tend to be really large accounts, around 10. Those are primarily managed in terms of the collections by the property managers and senior management at the Port. Staff concluded to delete this position as it is not needed.

Ms. Moyer added that there were a couple of filled positions that were deleted from the budget when the Commission approved the budget in February. This change in position is not all the positions that changed for the whole budget. They are supplemental to what the Commission approved in February. There were other layoffs.

Ms. Olson indicated that there were two elevator and crane mechanics positions that were deleted and laid off the employees because of the change in container cargo shipping at Pier 80.

Commissioner Hardeman commented that after attending a conference a couple of weeks ago, it's a wise move not to be in the container business because it is going to be expensive to deal with huge ships, unloading them, etc. That was a very wise recommendation by staff to get out of that business.

Frank Martin Del Campo, SEIU 790, representing the person that the department proposes to delete from the budget, indicated that the employee did have an unfortunate accident at home several years and had surgery and had the surgery redone. He acknowledged that she has had a long-term disability. She did not have any knowledge that when she returned early on her own on May 24 (she was scheduled to return in October 2005), she didn't know that her position was being deleted. When she informed him, he asked for a meeting. To be kind to the department, Port staff was less than forthright in the information they were provided. They have very little information to be able to operate. Just the information that has been offered here publicly, they cannot offer the details about the statements that were made and they cannot verify them. He checked that the employee used to do the work of the large accounts. In effect, her work was transferred to higher paid employees. She's a 30-year employee; no blemishes; no discipline. She has served this department well and she shouldn't be thrown out of work. Proper labor policies would be defined if there's alternative work or there's some other solution rather than throw somebody out after 30 years. He asked the Commission to look into the matter. They will also raise it with the Board of Supervisors. He also asked for a meeting with the Director. He hopes that the Director will comply to that because to date they have not been satisfied with the department's response. In fact, they felt straight armed.

Renee Jones 4366 Collections Supervisors indicated that she has been with the Port for 30 years. She requested the Commission to review this matter and asked that her position be placed back into the budget.

Commissioner Brandon asked Ms. Moyer to meet with Mr. Del Campo and Ms. Jones and let them know the outcome.

Ms. Moyer replied that she would be happy to meet with them. Mr. Del Campo made the request just today and she's leaving for vacation this evening. It had been her plan to facilitate a meeting while she was gone but if the Commission's preference is to wait until she gets back and if it meets with them, she would be happy to do that.

Mr. Del Campo asked what that meant. Ms. Moyer replied that it means that if he feels the need to have the meeting before she returns from vacation, she will facilitate it. If he is willing to wait until she returns from vacation, she will facilitate that too. She is providing him with flexibility because she just got his request for a meeting today. She will be back from vacation on June 27.

Commissioner Hsu indicated that with all due respect to Ms. Moyer's vacation schedule, he requested Ms. Del Campo and Ms. Jones to accommodate her schedule and contact her office after she returns from vacation.

12. NEW BUSINESS / AGENDA SETTING

Ms. Moyer highlighted that the rental rate schedule will be the main item on the July 26 calendar. As we heard from Mr. Miller and the fishermen today, the Hyde Street Berthing Rates may not be heard at that time. Staff will determine and discuss with Mr. Miller the appropriate time to bring this issue back to the Commission. It has been 20 years, staff can

accommodate another month delay or whatever works for them. This was an anomaly and an unforeseen one and she apologized to the Commission and the public. On the flipside the Commission heard from over 65 separate speakers on all issues of the waterfront. In that respect, it was a very good meeting because we heard from our community instead of the same people who loyally attend every meeting. She thinks it's a good government at work today. She commended them for that.

13. PUBLIC COMMENT

Ernestine Weiss indicated that she went to the new condo near Pier 30/32. She was really shocked. She saw a huge base at the bottom of a huge tower. The base is unbelievably ugly. As far as the Planning Department and the Port Commission are concerned, she does not know why the Commission is so impress with their recommendations when they put up lofts in South of Market that are ugly. She told the Commission not to put all its eggs and confidence in the Planning Department but rather be their own person. Commissioner Hsu's comment about it's taken such a long time for the developers, it's because Willie Brown said he wanted a 500-room hotel. The community naturally reacted and they chopped it down and they have been negotiating. If it takes this long, so be it. That means that the developer did not offer anything that the community would be happy with. The community wants a beautiful building. The length of the negotiation has nothing to do with it. That's their business. That's their gamble. If they want to be in business, that's what they have to be against as a developer. Making an issue of the time is irrelevant. They've had it with the Mills Corporation. The design is very important. They don't want anymore loft buildings or boxes that do not complement San Francisco especially on the waterfront.

14. COMMUNICATIONS

15. ADJOURNMENT

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

Commissioner Hsu adjourned the meeting at 8:30 p.m.

PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETINGS

The following Regular Port Commission Meetings have been CANCELLED:

- **MAY 24, 2005 @ 3 P.M.**
- **JUNE 28, 2005 @ 3 P.M.**
- **JULY 12, 2005 @ 3 P.M.**
- **AUGUST 9, 2005 @ 3 P.M.**

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The following regular Port Commission meetings are scheduled for:

- **JUNE 14, 2005 @ 3 P.M.**
- **JULY 26, 2005 @ 3 P.M.**
- **AUGUST 23, 2005 @ 3 P.M.**

at the
Port Commission Hearing Room
Second Floor, Ferry Building

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Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets.
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. & Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

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Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

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